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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2023

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2023

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Review report on the interim condensed consolidated financial statements to the board of directors of Masraf Al Rayan Q.P.S.C.

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Masraf Al Rayan Q.P.S.C. (the "Parent") and its subsidiaries (together "the Group") as at 30 September 2023 and the related interim consolidated statement of income, interim consolidated statement of comprehensive income and interim consolidated statement of income and attribution related to quasi-equity for the three-month and nine-month period then ended, and interim consolidated statement of changes in equity, interim consolidated statement of cash flows and interim consolidated statement of changes in off-balance sheet assets under management for the nine-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with Financial Accounting Standard ("FAS") 41 "Interim financial reporting" issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by Qatar Central Bank ("QCB"). 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 interim financial statements 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.

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 prepared, in all material respects, in accordance with FAS 41 issued by AAOIFI as modified by QCB.

For and on behalf of PricewaterhouseCoopers - Qatar Branch
Qatar Financial Market Authority registration number 120155

Waleed Tahtamouni
Auditor's registration number 370
Doha, State of Qatar
26 October 2023

PRICEWATERHOUSECOOPERS - Qatar Branch
P. O. Box : 6689
Doha, State of Qatar

Masraf Al Rayan (Q.P.S.C.) QAR '000s

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023

	Notes	**30 September 2023 (Reviewed)**	31 December 2022 (Audited)	30 September 2022 (Reviewed) (Restated)	1 January 2022 (Audited) (Restated)
ASSETS					
Cash and balances with central banks		**5,230,876**	5,088,200	5,288,633	5,220,712
Due from banks		**5,632,199**	6,108,768	3,050,926	9,155,812
Financing assets	8	**109,947,357**	117,859,281	116,641,285	120,880,202
Investment securities	9	**36,811,429**	31,476,658	31,968,013	32,752,667
Investment in associates		**335,255**	345,878	345,398	348,935
Fixed assets		**949,224**	901,888	767,196	714,680
Intangible assets		**1,593,229**	1,678,592	1,707,046	1,801,893
Other assets		**3,874,553**	4,073,948	4,303,370	3,279,815
TOTAL ASSETS		**164,374,122**	167,533,213	164,071,867	174,154,716
LIABILITIES, QUASI-EQUITY AND EQUITY					
LIABILITIES					
Due to banks	10	**29,863,484**	28,804,957	28,003,036	23,246,577
Customer current accounts		**9,399,305**	8,736,827	9,334,194	9,192,634
Sukuk and debt financing	11	**7,785,696**	7,682,176	7,614,730	7,735,618
Other borrowings	12	**4,585,468**	3,843,236	4,456,676	5,699,994
Other liabilities		**5,021,703**	5,629,198	6,413,821	5,849,975
TOTAL LIABILITIES		**56,655,656**	54,696,394	55,822,457	51,724,798
QUASI-EQUITY					
Participatory investment accounts	13	**83,110,036**	88,554,879	83,973,181	97,763,630
EQUITY					
Share capital	14 (a)	**9,300,000**	9,300,000	9,300,000	9,300,000
Legal reserve	14 (b)	**9,644,166**	9,644,166	9,644,166	9,644,166
Risk reserve	14 (c)	**2,398,543**	2,398,543	2,282,824	2,282,824
Fair value reserve	14 (d)	**33,222**	32,844	54,506	36,125
Foreign currency translation reserve	14 (e)	**(155,539)**	(148,600)	(221,398)	(87,328)
Other reserves	14 (f)	**140,512**	140,512	127,274	127,274
Retained earnings		**2,023,966**	1,716,321	1,913,739	2,163,579
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**23,384,870**	23,083,786	23,101,111	23,466,640
Non-controlling interest	15	**223,560**	198,154	175,118	199,648
Instrument eligible as additional capital		**1,000,000**	1,000,000	1,000,000	1,000,000
TOTAL EQUITY		**24,608,430**	24,281,940	24,276,229	24,666,288
TOTAL LIABILITIES, QUASI-EQUITY AND EQUITY		**164,374,122**	167,533,213	164,071,867	174,154,716

These interim condensed consolidated financial statements were approved by the Board of Directors on 26 October 2023 and were signed on its behalf by:

Mohamed Bin Hamad Bin Qassim Al Thani Chairman	Hamad Bin Faisal Bin Thani Al Thani Vice Chairman	Fahad Bin Abdulla Al Khalifa Group Chief Executive Officer

Independent auditor's review report is set out on page i

The attached notes 1 to 23 form part of, and should be read in conjunction with these interim condensed consolidated financial statements

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Masraf Al Rayan (Q.P.S.C.) QAR ’000s

INTERIM CONSOLIDATED INCOME STATEMENT

For the three and nine-month period ended 30 September 2023

	Notes	*For the three-month period ended 30 September* **2023 (Reviewed)**	*2022 (Reviewed) (Restated)*	*For the nine-month period ended 30 September* **2023 (Reviewed)**	*2022 (Reviewed) (Restated)*
Income from financing activities		**1,903,085**	1,325,140	**5,395,074**	3,624,085
Income from investing activities		**445,589**	328,971	**1,191,518**	903,236
Total income from financing and investing activities		**2,348,674**	1,654,111	**6,586,592**	4,527,321
Fee and commission income		**122,275**	133,374	**334,993**	342,281
Fee and commission expense		**(2,897)**	(611)	**(6,953)**	(1,833)
Net fee and commission income		**119,378**	132,763	**328,040**	340,448
Foreign exchange gain (net)		**60,039**	91,073	**137,789**	245,655
Share of results of associates		**12,742**	-	**37,259**	22,574
Gain on sale of an associate		**-**	-	**16,618**	-
Other income		**38,318**	1,820	**86,104**	12,496
TOTAL INCOME		**2,579,151**	1,879,767	**7,192,402**	5,148,494
Staff costs		**(100,657)**	(116,454)	**(295,760)**	(401,247)
Depreciation and amortisation		**(40,932)**	(41,791)	**(125,076)**	(135,684)
Other expenses		**(111,004)**	(184,274)	**(298,642)**	(425,988)
Finance expense		**(599,772)**	(287,707)	**(1,652,515)**	(592,354)
TOTAL EXPENSES		**(852,365)**	(630,226)	**(2,371,993)**	(1,555,273)
Net reversals / (impairment losses) on due from banks	3 (a)	**9,553**	6,591	**13,530**	(8,898)
Net impairment losses on financing assets		**(355,175)**	(360,064)	**(927,801)**	(941,756)
Net reversals / (impairment losses) on investments		**56,796**	(12,442)	**16,499**	(49,495)
Net reversals / (impairment losses) on other exposures subject to credit risk	3 (a)	**12,590**	(62,143)	**68,622**	(89,151)
PROFIT FOR THE PERIOD BEFORE NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY		**1,450,550**	821,483	**3,991,259**	2,503,921
Less: Net profit attributable to quasi-equity		**(948,054)**	(479,058)	**(2,695,195)**	(1,141,070)
PROFIT BEFORE TAX FOR THE PERIOD		**502,496**	342,425	**1,296,064**	1,362,851
Tax expense		**(16,105)**	(5,443)	**(33,884)**	(16,993)
NET PROFIT FOR THE PERIOD		**486,391**	336,982	**1,262,180**	1,345,858
Net profit for the period attributable to:					
Equity holders of the Bank		**473,004**	331,254	**1,237,645**	1,331,160
Non-controlling interest		**13,387**	5,728	**24,535**	14,698
		486,391	336,982	**1,262,180**	1,345,858
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	17	**0.051**	0.036	**0.133**	0.143

Independent auditor’s review report is set out on page i

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Masraf Al Rayan (Q.P.S.C.) QAR '000s

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine-month period ended 30 September 2023

	Notes	*For the three-month period ended 30 September*		*For the nine-month period ended 30 September*	
		2023	*2022*	***2023***	*2022*
		(Reviewed)	*(Reviewed) (Restated)*	***(Reviewed)***	*(Reviewed) (Restated)*
NET PROFIT FOR THE PERIOD		**486,391**	336,982	**1,262,180**	1,345,858
OTHER COMPREHENSIVE INCOME					
Items that may not be subsequently classified to consolidated income statement					
Fair value changes of equity-type investments carried at fair value through other comprehensive income		**4,598**	9,662	**5,040**	9,827
Items that may be subsequently classified to consolidated income statement					
Exchange difference arising on translation of foreign operations		**(49,417)**	(80,041)	**(6,068)**	(173,298)
Net change in the share of other comprehensive income of investment in associates:					
Net change in fair value		**127**	-	**(4,497)**	(525)
Net amount transferred to consolidated income statement		**-**	-	**951**	-
Net movement in cash flow hedges – effective portion of changes in fair value		**-**	793	**-**	9,541
Fair value changes of debt-type investments carried at fair value through other comprehensive income		**(724)**	788	**(1,100)**	336
Share in the reserve attributable to quasi-equity		**(162)**	(468)	**(16)**	(798)
Total other comprehensive income for the period		**(45,578)**	(69,266)	**(5,690)**	(154,917)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**440,813**	267,716	**1,256,490**	1,190,941
Attributable to:					
Equity holders of the Bank		**435,900**	280,344	**1,231,084**	1,215,471
Non-controlling interest		**4,913**	(12,628)	**25,406**	(24,530)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**440,813**	267,716	**1,256,490**	1,190,941

Independent auditor's review report is set out on page i

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Masraf Al Rayan (Q.P.S.C.) QAR ’000s

INTERIM CONSOLIDATED STATEMENT OF INCOME AND ATTRIBUTION RELATED TO QUASI-EQUITY

For the three and nine-month period ended 30 September 2023

	Notes	*For the three-month period ended 30 September* **2023 (Reviewed)**	*For the three-month period ended 30 September* *2022 (Reviewed) (Restated)*	*For the nine-month period ended 30 September* **2023 (Reviewed)**	*For the nine-month period ended 30 September* *2022 (Reviewed) (Restated)*
Net profit for the period before net profit attributable to quasi-equity		**1,434,445**	816,040	**3,957,375**	2,486,928
Less: Income not attributable to quasi-equity		**(424,801)**	(235,663)	**(1,146,092)**	(694,955)
Add: Expenses not attributable to quasi-equity		**15,075**	23	**15,076**	157
Net profit attributable to quasi-equity before Masraf's Mudaraba income		**1,024,719**	580,400	**2,826,359**	1,792,130
Less: Mudarib's share		**(965,086)**	(549,715)	**(2,662,209)**	(1,693,915)
Add: Support provided by Masraf		**888,421**	448,373	**2,531,045**	1,042,855
NET PROFIT ATTRIBUTABLE TO QUASI-EQUITY		**948,054**	479,058	**2,695,195**	1,141,070
OTHER COMPREHENSIVE INCOME					
Items that may be subsequently classified to consolidated income statement					
Share in the reserve attributable to quasi-equity		**162**	468	**16**	798
TOTAL OTHER COMPREHENSIVE INCOME		**162**	468	**16**	798
TOTAL PROFIT ATTRIBUTABLE TO QUASI-EQUITY		**948,216**	479,526	**2,695,211**	1,141,868

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Masraf Al Rayan (Q.P.S.C.) QAR ’000s

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2023

	Share capital	***Legal reserve***	***Risk reserve***	***Fair value reserve***	***Foreign currency translation reserve***	***Other reserves***	***Retained earnings***	***Total equity attributable to equity holders of the Bank***	***Non-controlling interest***	***Instrument eligible as additional capital***	***Total equity***
Balance at 31 December 2022 (Audited)	**9,300,000**	**9,644,166**	**2,398,543**	**32,844**	**(148,600)**	**140,512**	**1,716,321**	**23,083,786**	**198,154**	**1,000,000**	**24,281,940**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**1,237,645**	**1,237,645**	**24,535**	**-**	**1,262,180**
Other comprehensive income	**-**	**-**	**-**	**378**	**(6,939)**	**-**	**-**	**(6,561)**	**871**	**-**	**(5,690)**
Total comprehensive income for the period	**-**	**-**	**-**	**378**	**(6,939)**	**-**	**1,237,645**	**1,231,084**	**25,406**	**-**	**1,256,490**
Dividend declared and approved for 2022 Note 14 (g)	**-**	**-**	**-**	**-**	**-**	**-**	**(930,000)**	**(930,000)**	**-**	**-**	**(930,000)**
Balance at 30 September 2023 (Reviewed)	**9,300,000**	**9,644,166**	**2,398,543**	**33,222**	**(155,539)**	**140,512**	**2,023,966**	**23,384,870**	**223,560**	**1,000,000**	**24,608,430**

	Share capital	*Legal reserve*	*Risk reserve*	*Fair value reserve*	*Foreign currency translation reserve*	*Other reserves*	*Retained earnings*	*Total equity attributable to equity holders of the Bank*	*Non-controlling interest*	*Instrument eligible as additional capital*	*Total equity*
Balance at 31 December 2021, as previously reported	9,300,000	9,644,166	2,282,824	36,125	(5,915)	127,274	2,082,166	23,466,640	199,648	1,000,000	24,666,288
Restatements (Note 23)	-	-	-	-	(81,413)	-	81,413	-	-	-	-
Balance at 31 December 2021, as restated (Audited)	9,300,000	9,644,166	2,282,824	36,125	(87,328)	127,274	2,163,579	23,466,640	199,648	1,000,000	24,666,288
Net profit for the period	-	-	-	-	-	-	1,331,160	1,331,160	14,698	-	1,345,858
Other comprehensive income	-	-	-	18,381	(134,070)	-	-	(115,689)	(39,228)	-	(154,917)
Total comprehensive income for the period	-	-	-	18,381	(134,070)	-	1,331,160	1,215,471	(24,530)	-	1,190,941
Dividend declared and approved for 2021 Note 14 (g)	-	-	-	-	-	-	(1,581,000)	(1,581,000)	-	-	(1,581,000)
Balance at 30 September 2022 (Reviewed) (Restated)	9,300,000	9,644,166	2,282,824	54,506	(221,398)	127,274	1,913,739	23,101,111	175,118	1,000,000	24,276,229

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2023

	Note	*For the nine-month period ended 30 September* 2023 (Reviewed)	2022 (Reviewed) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the period		**1,296,064**	1,362,851
Adjustments for:			
Net (reversals) / impairment losses on due from banks		**(13,530)**	8,898
Net impairment losses on financing assets		**927,801**	941,756
Net (reversals) / impairment losses on investments		**(16,499)**	49,495
Net (reversals) / impairment losses on other exposures subject to credit risk		**(68,622)**	89,151
Fair value gain on investment securities carried at fair value through income statement		**-**	(62)
Unrealized gain on revaluation of Shari'a compliant risk management instruments		**(5,850)**	(28,233)
Depreciation and amortisation		**125,076**	135,684
Loss on disposal of fixed assets		**98**	141
Amortization of transaction costs and IFRS 3 adjustments on sukuk financing and other borrowings		**(40,479)**	(42,196)
Net gain on sale of investment securities		**(336)**	2,999
Dividend income		**(10,809)**	(6,197)
Share of results of associates		**(37,259)**	(22,574)
Gain on sale of an associate		**(16,618)**	-
Net amortisation of premium and discount on investment securities		**5,765**	55,982
Employees' end of service benefit provisions		**7,359**	7,940
Profit before changes in operating assets and liabilities		**2,152,161**	2,555,635
Change in reserve account with Qatar Central Bank		**253,578**	44,025
Change in due from banks		**472,405**	358,955
Change in financing assets		**6,898,841**	2,744,123
Change in other assets		**157,793**	(542,599)
Change in profit receivable from investments		**(9,538)**	19,741
Change in due to banks		**1,058,527**	4,756,459
Change in customer current accounts		**662,478**	141,560
Change in other liabilities		**(201,097)**	1,169,158
Change in profit payable on sukuk and debt financing and other borrowings		**42,607**	39,036
		11,487,755	11,286,093
Dividend received		**10,809**	6,197
Tax paid		**(27,040)**	(11,144)
Social and sports fund contribution		**(35,644)**	(42,813)
Employees' end of service benefits paid		**(3,492)**	(52,980)
Net cash generated from operating activities		**11,432,388**	11,185,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		**(10,769,019)**	(2,830,760)
Proceeds from sale / redemption of investment securities		**5,848,544**	3,026,506
Proceeds from sale of an associate		**40,622**	-
Acquisition of fixed assets		**(77,509)**	(93,893)
Dividend received from associates		**11,500**	10,700
Net cash (used in) / generated from investing activities		**(4,945,862)**	112,553

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Independent auditor's review report is set out on page i

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Masraf Al Rayan (Q.P.S.C.) QAR '000s

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the nine-month period ended 30 September 2023

	Note	*For the nine-month period ended 30 September* **2023 (Reviewed)**	2022 (Reviewed) (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in participatory investment accounts		**(5,444,859)**	(13,791,247)
Net proceeds from sukuk and debt financing and other borrowings		**1,993,629**	361,865
Net repayments of sukuk and debt financing and other borrowings		**(1,144,384)**	(1,663,387)
Net repayment of Ijarah liabilities		**(12,226)**	(23,398)
Dividends paid		**(1,080,783)**	(1,591,868)
Profit paid on instrument eligible as additional capital		**(46,000)**	(48,195)
Net movement in non-controlling interest		**871**	(39,228)
Net cash used in financing activities		**(5,733,752)**	(16,795,458)
Net increase / (decrease) in cash and cash equivalents		**752,774**	(5,497,552)
Cash and cash equivalents at 1 January		**6,038,819**	9,140,950
Effects of exchange rate changes on cash and cash equivalents held		**(12,891)**	(127,535)
Cash and cash equivalents at 30 September	18	**6,778,702**	3,515,863

Refer to Note 18 for details of non-cash transactions.

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Masraf Al Rayan (Q.P.S.C.) QAR '000s

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OFF-BALANCE SHEET ASSETS UNDER MANAGEMENT

For the nine-month period ended 30 September 2023

	1 January 2023	***Movements during the period***						***30 September 2023***
		Additions	***Withdrawals***	***Revaluations / Gross income***	***Assets transferred to liquidator***	***Net dividends paid***	***Mudarib's share***	
30 September 2023 (Reviewed)								
Money market placements	**156,771**	**1,109,781**	**(849,788)**	**11,292**	-	-	-	**428,056**
Investments in sukuk, shares, mutual funds and other securities	**4,689,405**	**99,604**	**(124,554)**	**139,017**	**(5,191)**	**(88,987)**	**(23,445)**	**4,685,849**
	4,846,176	**1,209,385**	**(974,342)**	**150,309**	**(5,191)**	**(88,987)**	**(23,445)**	**5,113,905**

	1 January 2022	*Movements during the period*						*30 September 2022*
		Additions	*Withdrawals*	*Revaluations / Gross income*	*Assets transferred to liquidator*	*Net dividends paid*	*Mudarib's share*	
30 September 2022 (Reviewed)								
Money market placements	146,769	1,343,269	(1,145,048)	4,689	-	-	-	349,679
Investments in sukuk, shares, mutual funds and other securities	4,684,310	259,921	(243,080)	370,980	-	(71,767)	(36,898)	4,963,466
	4,831,079	1,603,190	(1,388,128)	375,669	-	(71,767)	(36,898)	5,313,145

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Masraf Al Rayan (Q.P.S.C.) QAR ’000s

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 Number 11 of 2015 and Law Number 8 of 2021, under decision Number 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, Lusail Marina, Qatar. The interim condensed consolidated financial statements of the Bank for the nine-month period ended 30 September 2023 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 and investing activities, and has 16 branches in Qatar. The Parent Company / Ultimate Controlling Party of the Group is Masraf Al Rayan (Q.P.S.C.).

The Group’s management has made an assessment of the Group’s ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going concern basis.

On 7 January 2021, the Bank and Al Khalij Commercial Bank (al khaliji) P.Q.S.C. (“Al Khaliji”) have entered into a merger agreement as approved by the Board of Directors of both banks, which was subsequently approved by the shareholders of both banks at their respective Extra-Ordinary General Assemblies held on 5 October 2021 and 6 October 2021. On 2 November 2021, Qatar Central Bank (“QCB”) approved the Bank’s merger by way of absorption pursuant to Article 278 of the Commercial Companies Law Number 11 of 2015 as amended by Law Number 8 of 2021 (the “Commercial Companies Law”) and Article 161(2) of Law Number 13 of 2012 issuing the Qatar Central Bank Law and Regulation of Financial Institutions (the “QCB Law”) and the merger agreement (the “Merger”).

The merger was effected in a share swap transaction through the issuance of 0.5 new Masraf share for every 1 share in Al Khaliji at the close of business on 30 November 2021 (the “effective date”), subsequent to which Al Khaliji shares were delisted from Qatar Stock Exchange. On the effective date, Al Khaliji was dissolved and Masraf, which became the remaining legal entity, continued to conduct all operations in accordance with Shari’a principles and absorbed the assets and liabilities of Al Khaliji.

The principal subsidiaries of the Group are as follows:

Entity’s name	*Country of incorporation*	*Entity’s capital*		*Entity’s activities*	***Effective percentage of ownership***	
					30 September 2023	*31 December 2022*
Al Rayan Investment L.L.C.	Qatar	USD	100,000,000	Investment banking	**100.0%**	100.0%
Al Rayan (UK) Limited [1]	UK	GBP	100,000,000	Investment activities	**75.0%**	75.0%
Al Rayan Partners L.L.C.	Qatar	QAR	10,000,000	Real estate consulting	**100.0%**	100.0%
Lusail Waterfront Investment Co.	Cayman Islands	USD	100	Investment activities	**100.0%**	100.0%
MAR Sukuk Limited[2]	Cayman Islands	USD	250	Sukuk issuance	**100.0%**	100.0%
Al Khaliji France S.A.[3 & 5]	France	EUR	104,000,000	Banking	**100.0%**	100.0%
AKCB Finance Limited[3]	Cayman Islands	USD	1	Debt Issuance	**100.0%**	100.0%
AKCB Falcon Limited [3 & 6]	Cayman Islands	USD	1	Debt Issuance	**-**	100.0%
AKCB Markets Limited [3]	Cayman Islands	USD	1	Over-the-Counter Shari’a-compliant risk management instruments	**100.0%**	100.0%
Lusail Limited	Cayman Islands	USD	1	Financing and investing activities	**100.0%**	100.0%
MAR Finance L.L.C. [4]	Qatar	QAR	1,000	Sukuk issuance	**100.0%**	100.0%

1 REPORTING ENTITY (continued)

[1] 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 73.76% of Al Rayan Bank PLC.
[2] 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.
[3] Subsidiaries of Al Khaliji that became subsidiaries of the Group upon completion of the merger between the Bank and Al Khaliji on 30 November 2021.
[4] MAR Finance L.L.C. was incorporated in Qatar Financial Centre as a limited liability for the purpose of sukuk issuance and other activities, for the benefit of the Bank.
[5] In relation to the merger, Al Khaliji France S.A. continues to operate in its present status as a conventional bank. As of reporting date, there are no plans in place to convert the portfolio of the subsidiary into Shari’a-compliant products. Accordingly, the net profit earned by the subsidiary is not included in the consolidated income statement, and the subsidiary’s assets and liabilities are presented under other assets and other liabilities in the consolidated statement of financial position.
[6] AKCB Falcon Limited has been dissolved effective 17 April 2023, pursuant to the certificate of dissolution obtained by the Company.

The Group does not have any subsidiaries with material non-controlling interests.

The interim condensed consolidated financial statements of the Group for the period ended 30 September 2023 were authorised for issuance in accordance with a resolution by the Board of Directors on 26 October 2023.

2 BASIS OF PREPARATION

(a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with Financial Accounting Standards (“FAS”) 41 “Interim financial reporting” issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) as modified by Qatar Central Bank (“QCB”). 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”).

The Bank has adopted QCB Circular 13/2020 dated 29 April 2020 (execution date), which modifies the requirements of FAS 33 “Investments in Sukuk, shares and similar instruments” and FAS 30 “Impairment, credit losses and onerous commitments” and requires Islamic Banks to follow principles of IFRS 9 “Financial Instruments” in respect of equity-type investments carried at Fair Value Through Other Comprehensive Income (“FVOCI”) and repurchase agreements. The Bank has adopted the circular from the effective date and the changes to the accounting policies have been adopted prospectively by the Bank.

The Group has adopted QCB guidelines on staging and provisioning of certain exposures, which modifies the requirements of FAS 30 “Impairment, credit losses and onerous commitments”.

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 2022. In addition, results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

The preparation of these interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2022.

2 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

(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 carried at “investments at fair value through other comprehensive income, “investments at fair value through income statement” and “Shari’a-compliant risk management instruments”.

(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

(i) New standards, amendments and interpretations effective from 1 January 2023

FAS 39 – Financial Reporting for Zakah
AAOIFI has issued FAS 39 in 2021. This standard improves upon and supersedes FAS 9 “Zakah” issued previously. This standard aims at setting out the accounting treatment of Zakah in the books of an Islamic financial institution, including the presentation and disclosure in the financial statements.

This standard is effective for the financial periods beginning on or after 1 January 2023 with early adoption permitted. The adoption of this standard did not result in changes to previously reported net profit or equity of the Group.

FAS 41 Interim Financial Reporting
This standard prescribes the principles for the preparation of condensed interim financial information and the relevant presentation and disclosure requirements, emphasizing the minimum disclosures specific to Islamic financial institution in line with various financial accounting standards issued by AAOIFI. This standard also provides an option for the institution to prepare a complete set of financial statements at interim reporting dates in line with the respective FASs.

This standard is effective for financial statements for the period beginning on or after 1 January 2023.

The Group adopted this standard for the basis of preparation of its interim condensed consolidated financial statements. The adoption of this standard did not have any significant impact on the Group’s interim condensed consolidated financial statements.

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

FAS 1 – General Presentation and Disclosures in the Financial Statements (Revised 2021)
AAOIFI has issued FAS 1 (Revised) in 2021. The revised FAS 1 “General Presentation and Disclosures in the Financial Statements” describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. The objective of this standard is to align the accounting treatments and the reporting requirements for the Islamic financial institutions to the maximum possible extent with the generally accepted accounting principles without compromising the Shari’a requirements and nature of Islamic financial transactions and institutions.

The revision of FAS 1 is in line with the modifications made to the AAOIFI conceptual framework for financial reporting.

2 BASIS OF PREPARATION (continued)

(d) New standards, amendments and interpretations (continued)

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

The Accounting Board (“AAB”) of AAOIFI decided to defer the effective date of this standard from 1 January 2023 to 1 January 2024 with early adoption encouraged.

The Group early adopted the standard during the period and applied changes in certain presentation and disclosures in its interim condensed consolidated financial statements. The Group shall implement any subsequent guidelines or amendments to the standard that may be issued by the QCB. The adoption of this standard did not have any significant impact on the Group’s interim consolidated statement of financial position and interim consolidated statement of income.

Some of the significant revisions to the standard are as follows:

a) Revised conceptual framework is now an integral part of the AAOIFI FASs;
b) Definition of quasi-equity is introduced as a broader concept that will include the “unrestricted investment accounts” and other transactions under similar structures. Similarly, the wider term of “off-balance sheet assets under management” is now being used instead of “restricted investment accounts”;
c) Definitions have been modified and improved;
d) Concept of comprehensive income has been introduced, with the option to prepare one statement that is a combination of statement of income and statement of other comprehensive income, or to prepare the two statements separately. The Group elected to prepare the two statements separately;
e) Institutions other than Banking institutions are allowed to classify assets and liabilities as current and non-current;
f) Disclosure of Zakah and Charity have been relocated to the notes to the financial statements;
g) True and fair override has been introduced;
h) Treatment for change in accounting policies, change in estimates and correction of errors has been introduced;
i) Disclosures of related parties, subsequent events and going concern have been improved;
j) Improvement in reporting for foreign currency and segment reporting; and
k) Presentation and disclosure requirements have been divided into three parts. First part is applicable to all institutions, second part is applicable only to Islamic banks and similar IFIs and third part prescribes the authoritative status, effective date and amendments to other AAOIFI FASs.

The Group has not yet applied the following new and revised FASs that have been issued but are not yet effective. These standards are currently in process of being assessed by the management of the Group to consider any implication in the current or future reporting periods and on foreseeable future transactions.

FAS 40 - Financial Reporting for Islamic Finance Windows
AAOIFI has issued FAS 40 in 2021. The objective of this revised standard is to establish financial reporting requirements for Islamic finance windows and applicable to all conventional financial institutions providing Islamic financial services through an Islamic finance window. This standard improves upon and supersedes FAS 18 “Islamic Financial Services Offered by Conventional Financial Institutions”. This standard shall be effective for the financial periods beginning on or after 1 January 2024 with early adoption permitted.

FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions
AAOIFI has issued FAS 42 in 2022. This standard supersedes the earlier *FAS 12 – General Presentation and Disclosures in the Financial Statements of Islamic Insurance Companies”*. The objective of this standard is to set out the overall requirements for the presentation of financial statements, the minimum requirement for the contents of and disclosures in the financial statements and recommended structure of financial statements that facilitates fair presentation in line with Shari’a principles and rules for Takaful institutions. This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside *FAS 43 – Accounting for Takaful: Recognition and Measurement.*

2 BASIS OF PREPARATION (continued)

(d) New standards, amendments and interpretations (continued)

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

FAS 43 – Accounting for Takaful: Recognition and Measurement
AAOIFI has issued FAS 43 in 2022. The objective of this standard is to set out the principles for the recognition and measurement of Takaful arrangements and ancillary transactions with the objective of faithfully representing the information related to these arrangements to the relevant stakeholders. The standard should be read in conjunction with *FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions.* This standard shall be effective for the financial periods beginning on or after 1 January 2025 with early adoption permitted if adopted alongside *FAS 42 – Presentation and disclosures in the Financial Statements of Takaful Institutions.*

Masraf Al Rayan (Q.P.S.C.) QAR '000s

3 EXPECTED CREDIT LOSSES ("ECL")

(a) Expected credit loss / Allowance for impairment

	Stage 1	Stage 2	Stage 3	Total
Exposure (carrying value) subject to ECL as at 30 September 2023				
- Due from banks and balances with central banks	10,107,493	168,096	-	10,275,589
- Financing assets	74,874,549	32,495,814	7,433,032	114,803,395
- Debt type investments carried at amortised cost	35,710,525	609,734	53,142	36,373,401
- Other exposures subject to credit risk	9,731,231	3,209,258	37,465	12,977,954
	130,423,798	36,482,902	7,523,639	174,430,339
Opening balance of allowance for impairment as at 1 January 2023				
- Due from banks and balances with central banks	12,292	2,541	-	14,833
- Financing assets	64,157	392,046	3,388,444	3,844,647
- Debt type investments carried at amortised cost	30,025	22,325	57,162	109,512
- Other exposures subject to credit risk	25,507	33,204	79,384	138,095
	131,981	450,116	3,524,990	4,107,087
Foreign currency translation for the period				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	946	1	(309)	638
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	-	-	-	-
	946	1	(309)	638
Net transfer between stages				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	(4,787)	3,701	1,086	-
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	(1,108)	1,103	5	-
	(5,895)	4,804	1,091	-
Charges / (Reversals) for the period (net)				
- Due from banks and balances with central banks	(11,028)	(2,502)	-	(13,530)
- Financing assets	(25,472)	166,627	871,601	1,012,756
- Debt type investments carried at amortised cost	(19,003)	(2,308)	(4,020)	(25,331)
- Other exposures subject to credit risk	(19,265)	(9,968)	(39,389)	(68,622)
	(74,768)	151,849	828,192	905,273
Write-offs				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	-	-	(2,003)	(2,003)
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	-	-	-	-
	-	-	(2,003)	(2,003)
Closing balance of allowance for impairment as at 30 September 2023				
- Due from banks and balances with central banks	1,264	39	-	1,303
- Financing assets	34,844	562,375	4,258,819	4,856,038
- Debt type investments carried at amortised cost	11,022	20,017	53,142	84,181
- Other exposures subject to credit risk	5,134	24,339	40,000	69,473
	52,264	606,770	4,351,961	5,010,995

Masraf Al Rayan (Q.P.S.C.) QAR '000s

3 EXPECTED CREDIT LOSSES ("ECL") (continued)

(a) Expected credit loss / Allowance for impairment (continued)

	Stage 1	Stage 2	Stage 3	Total
Exposure (carrying value) subject to ECL as at 30 September 2022 (Restated)				
- Due from banks and balances with central banks	7,457,823	309,036	-	7,766,859
- Financing assets	93,198,265	22,799,842	3,720,078	119,718,185
- Debt type investments carried at amortised cost	31,384,848	292,001	57,162	31,734,011
- Other exposures subject to credit risk	14,248,944	2,045,959	605,413	16,900,316
	146,289,880	25,446,838	4,382,653	176,119,371
Opening balance of allowance for impairment as at 1 January 2022				
- Due from banks and balances with central banks	1,087	440	-	1,527
- Financing assets	58,617	793,979	1,027,263	1,879,859
- Debt type investments carried at amortised cost	11,729	6,360	57,162	75,251
- Other exposures subject to credit risk	15,110	34,513	2,019	51,642
	86,543	835,292	1,086,444	2,008,279
Foreign currency translation for the period				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	(1,543)	(1,332)	52	(2,823)
- Debt type investments carried at amortised cost	(17)	-	-	(17)
- Other exposures subject to credit risk	-	-	-	-
	(1,560)	(1,332)	52	(2,840)
Net transfer between stages				
- Due from banks and balances with central banks	2	(2)	-	-
- Financing assets	5,927	(8,479)	2,552	-
- Debt type investments carried at amortised cost	(645)	645	-	-
- Other exposures subject to credit risk	(719)	714	5	-
	4,565	(7,122)	2,557	-
Charge / (reversal) for the period (net)				
- Due from banks and balances with central banks	7,645	1,253	-	8,898
- Financing assets	(7,129)	272,863	934,457	1,200,191
- Debt type investments carried at amortised cost	20,550	14,060	-	34,610
- Other exposures subject to credit risk	20,921	(8,364)	76,594	89,151
	41,987	279,812	1,011,051	1,332,850
Write-offs				
- Due from banks and balances with central banks	-	-	-	-
- Financing assets	-	-	(327)	(327)
- Debt type investments carried at amortised cost	-	-	-	-
- Other exposures subject to credit risk	-	-	(100)	(100)
	-	-	(427)	(427)
Closing balance of allowance for impairment at 30 September 2022				
- Due from banks and balances with central banks	8,734	1,691	-	10,425
- Financing assets	55,872	1,057,031	1,963,997	3,076,900
- Debt type investments carried at amortised cost	31,617	21,065	57,162	109,844
- Other exposures subject to credit risk	35,312	26,863	78,518	140,693
	131,535	1,106,650	2,099,677	3,337,862

Masraf Al Rayan (Q.P.S.C.) QAR ’000s

3 EXPECTED CREDIT LOSSES (“ECL”) (continued)

(b) 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	**Due from banks and balances with central banks**	**Financing assets**	**Debt type investments carried at amortised cost**	**Other exposures subject to credit risk**
AAA to AA-	**5,088,605**	**57,455,490**	**31,867,222**	**1,508,924**
A+ to A-	**4,641,508**	**7,581,836**	**2,324,993**	**3,818,857**
BBB+ to BBB-	**506**	**16,011,852**	**278,274**	**2,666,696**
BB+ to B-	**376,876**	**14,432,816**	**1,665,077**	**4,578,251**
Unrated	**168,094**	**19,321,401**	**237,835**	**405,226**
Total as at 30 September 2023	**10,275,589**	**114,803,395**	**36,373,401**	**12,977,954**

Rating grade	Due from banks and balances with central banks	Financing assets	Debt type investments carried at amortised cost	Other exposures subject to credit risk
AAA to AA-	5,430,207	62,431,687	29,006,766	1,650,531
A+ to A-	1,566,034	7,793,157	1,152,642	5,031,399
BBB+ to BBB-	39,524	19,392,915	200,250	4,422,961
BB+ to B-	424,426	14,655,922	1,299,318	4,455,429
Unrated	306,668	15,444,504	75,035	1,339,996
Total as at 30 September 2022 (Restated)	7,766,859	119,718,185	31,734,011	16,900,316

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 2022.

(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.

Masraf Al Rayan (Q.P.S.C.) QAR ’000s

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, 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:

30 September 2023 (Reviewed)	***Level 1***	***Level 2***	***Level 3***	***Total***
Financial assets				
Shari’a-compliant risk management instruments	**-**	**580,871**	**-**	**580,871**
Investment securities	**406,602**	**115,607**	**-**	**522,209**
Assets held by a non-Shari’a-compliant subsidiary	**69,542**	**3,633**	**-**	**73,175**
	476,144	**700,111**	**-**	**1,176,255**
Financial liabilities				
Shari’a-compliant risk management instruments	**-**	**211,518**	**-**	**211,518**
	-	**211,518**	**-**	**211,518**

31 December 2022 (Audited)	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets				
Shari’a-compliant risk management instruments	-	611,882	-	611,882
Investment securities	291,536	102,816	-	394,352
Assets held by a non-Shari’a-compliant subsidiary	71,085	4,386	-	75,471
	362,621	719,084	-	1,081,705
Financial liabilities				
Shari’a-compliant risk management instruments	-	229,383	-	229,383
	-	229,383	-	229,383

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 quoted investment securities for which the fair value amounts to QAR 7,195 million (31 December 2022: QAR 7,518 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.

During the reporting periods ended 30 September 2023 and 31 December 2022, there were no transfers among Levels 1, 2 and 3 fair value measurements.

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) *Impairment losses on financial assets*

The measurement of impairment losses under FAS 30 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group’s ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group’s internal credit grading model, which assigns PDs to the individual grades;
- The Group’s criteria for assessing if there has been a significant increase in credit risk and therefore allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group’s policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(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 the significant accounting policies (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).

(iii) *FAS 32 – Determination of Ijarah term in Ijarah contracts with the renewal and termination option (Bank as a lessee)*

In determining the Ijarah term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the Ijarah term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Masraf Al Rayan (Q.P.S.C.) QAR ’000s

6 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Fair value through income statement	*Fair value through other comprehensive income*	*Amortised cost*	*Total carrying amount*	*Fair value*
30 September 2023 (Reviewed)					
Cash and balances with central banks	**-**	**-**	**5,230,876**	**5,230,876**	**5,230,876**
Due from banks	**-**	**-**	**5,632,199**	**5,632,199**	**5,632,199**
Financing assets	**-**	**-**	**109,947,357**	**109,947,357**	**109,947,357**
Investment securities:					
- Measured at fair value	**-**	**522,209**	**-**	**522,209**	**522,209**
- Measured at amortised cost	**-**	**-**	**36,289,220**	**36,289,220**	**36,378,315**
Financial assets held by a non-Shari’a-compliant subsidiary	**3,633**	**69,542**	**3,020,115**	**3,093,290**	**3,078,010**
Other assets	**-**	**-**	**42,066**	**42,066**	**42,066**
Shari’a-compliant risk management instruments	**580,871**	**-**	**-**	**580,871**	**580,871**
	584,504	**591,751**	**160,161,833**	**161,338,088**	**161,411,903**
Due to banks	**-**	**-**	**29,863,484**	**29,863,484**	**29,863,484**
Customer current accounts	**-**	**-**	**9,399,305**	**9,399,305**	**9,399,305**
Sukuk and debt financing	**-**	**-**	**7,785,696**	**7,785,696**	**7,551,883**
Other borrowings	**-**	**-**	**4,585,468**	**4,585,468**	**4,585,468**
Financial liabilities of a non-Shari’a-compliant subsidiary	**-**	**-**	**2,187,159**	**2,187,159**	**2,187,159**
Other liabilities	**-**	**-**	**1,112,145**	**1,112,145**	**1,112,145**
Participatory investment accounts	**-**	**-**	**83,110,036**	**83,110,036**	**83,110,036**
Shari’a-compliant risk management instruments	**211,518**	**-**	**-**	**211,518**	**211,518**
	211,518	**-**	**138,043,293**	**138,254,811**	**138,020,998**

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6 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (continued)

31 December 2022 (Audited)	*Fair value through income statement*	*Fair value through other comprehensive income*	*Amortised cost*	*Total carrying amount*	*Fair value*
Cash and balances with central banks	-	-	5,088,200	5,088,200	5,088,200
Due from banks	-	-	6,108,768	6,108,768	6,108,768
Financing assets	-	-	117,859,281	117,859,281	117,859,281
Investment securities:					
- Measured at fair value	-	394,352	-	394,352	394,352
- Measured at amortised cost	-	-	31,082,306	31,082,306	31,153,108
Financial assets held by a non-Shari'a-compliant subsidiary	4,386	71,085	2,879,908	2,955,379	2,950,202
Other assets	-	-	5,197	5,197	5,197
Shari'a-compliant risk management instruments	611,882	-	-	611,882	611,882
	616,268	465,437	163,023,660	164,105,365	164,170,990
Due to banks	-	-	28,804,957	28,804,957	28,804,957
Customer current accounts	-	-	8,736,827	8,736,827	8,736,827
Sukuk and debt financing	-	-	7,682,176	7,682,176	7,355,921
Other borrowings	-	-	3,843,236	3,843,236	3,843,236
Financial liabilities of a non-Shari'a-compliant subsidiary	-	-	2,084,789	2,084,789	2,084,789
Other liabilities	-	-	1,449,644	1,449,644	1,449,644
Participatory investment accounts	-	-	88,554,879	88,554,879	88,554,879
Shari'a-compliant risk management instruments	229,383	-	-	229,383	229,383
	229,383	-	141,156,508	141,385,891	141,059,636

7 OPERATING SEGMENTS

The Group has five 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.
- Treasury and Financial Institutions undertake the Group’s funding and centralised risk management activities through borrowings, sukuk and debt financing, use of Shari’a compliant instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities.
- Asset Management performs the following functions: (a) provide customised investment solutions (with expertise across equities & fixed income investments) to institutional and High Net Worth investors in line with investors’ specific needs and risk parameters, (b) manage mutual funds and exchange traded fund, and (c) provide financial and strategic advisory services.
- International Operations includes financing assets, deposits and other products and services with corporate and individual customers in the Group’s international locations.
- Central Function comprises the cost of all central support departments and non-core business operations.

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

30 September 2023 (Reviewed)	*Corporate Banking*	*Retail Banking*	*Treasury and Financial Institutions*	*Asset Management*	*International Operations*	*Central Function*	*Total*
External revenue:							
Total income from financing and investing activities	**3,694,262**	**1,274,824**	**1,139,383**	**7,487**	**470,636**	**-**	**6,586,592**
Net fee and commission income	**115,800**	**159,158**	**11,515**	**40,572**	**995**	**-**	**328,040**
Foreign exchange gain / (loss) (net)	**-**	**-**	**137,962**	**-**	**(173)**	**-**	**137,789**
Share of results of associates	**-**	**-**	**-**	**-**	**-**	**37,259**	**37,259**
Gain on sale of an associate	**-**	**-**	**-**	**-**	**-**	**16,618**	**16,618**
Other income	**-**	**-**	**-**	**-**	**-**	**86,104**	**86,104**
Total segment revenue	**3,810,062**	**1,433,982**	**1,288,860**	**48,059**	**471,458**	**139,981**	**7,192,402**
Finance expense	**-**	**-**	**(1,643,085)**	**-**	**(9,430)**	**-**	**(1,652,515)**
Net profit attributable to quasi-equity	**(1,906,565)**	**(587,164)**	**-**	**-**	**(201,466)**	**-**	**(2,695,195)**
Net impairment losses on financing assets	**(381,526)**	**(490,507)**	**(51,059)**	**-**	**(4,709)**	**-**	**(927,801)**
Net impairment losses on investments	**-**	**-**	**23,897**	**1,434**	**-**	**(8,832)**	**16,499**
Net reversals / (impairment losses) on due from banks and other exposures subject to credit risk	**28,538**	**(3)**	**52,812**	**805**	**-**	**-**	**82,152**
Staff costs, depreciation and amortization and other expenses	**-**	**-**	**-**	**(12,977)**	**(121,700)**	**(584,801)**	**(719,478)**
Reportable segment profit / (loss) before tax	**1,550,509**	**356,308**	**(328,575)**	**37,321**	**134,153**	**(453,652)**	**1,296,064**
Reportable segment assets	**73,496,379**	**27,880,825**	**45,285,313**	**199,086**	**14,074,762**	**3,437,757**	**164,374,122**
Reportable segment liabilities	**6,404,682**	**2,220,680**	**41,928,012**	**12,568**	**3,446,542**	**2,643,172**	**56,655,656**
Reportable segment quasi-equity	**50,105,008**	**22,356,891**	**1,850,492**	**-**	**8,797,645**	**-**	**83,110,036**

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7 OPERATING SEGMENTS (continued)

Information about operating segments (continued)

30 September 2022 (Reviewed) (Restated)	*Corporate Banking*	*Retail Banking*	*Treasury and Financial Institutions*	*Asset Management*	*International operations*	*Central Function*	*Total*
External revenue:							
Total income from financing and investing activities	2,470,160	898,974	887,400	7,612	263,175	-	4,527,321
Net fee and commission income	141,831	148,591	(538)	50,315	249	-	340,448
Foreign exchange gain / (loss)	-	-	243,307	(6)	2,354	-	245,655
Share of results of associates	-	-	-	-	-	22,574	22,574
Other income	-	-	-	-	-	12,496	12,496
Total segment revenue	2,611,991	1,047,565	1,130,169	57,921	265,778	35,070	5,148,494
Finance expense	-	-	(588,968)	(145)	(3,241)	-	(592,354)
Net profit attributable to quasi-equity	(815,150)	(252,203)	-	-	(73,717)	-	(1,141,070)
Net (impairment losses) / reversal of impairment on financing assets	(214,509)	(669,040)	(59,005)	-	798	-	(941,756)
Net impairment losses on investments	-	-	(33,209)	(1,401)	-	(14,885)	(49,495)
Net (impairment losses) / reversal of impairment on due from banks and other exposures subject to credit risk	(49,709)	6	(48,246)	(100)	-	-	(98,049)
Staff costs, depreciation and amortization and other expenses	-	-	-	(13,142)	(109,724)	(840,053)	(962,919)
Reportable segment profit / (loss) before tax	1,532,623	126,328	400,741	43,133	79,894	(819,868)	1,362,851
31 December 2022 (Audited)							
Reportable segment assets	79,652,471	28,369,584	42,041,202	184,929	13,469,098	3,815,929	167,533,213
Reportable segment liabilities	5,247,917	2,468,184	39,813,956	13,613	3,768,817	3,383,907	54,696,394
Reportable segment quasi-equity	55,267,385	20,051,295	5,182,712	-	8,053,487	-	88,554,879

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8 FINANCING ASSETS

(a) By type	***30 September 2023 (Reviewed)***	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed) (Restated)*
Receivables and balances from financing activities:			
Murabaha	**83,588,432**	80,136,882	76,498,047
Ijarah	**35,179,063**	43,974,590	43,844,797
Istisna’a	**57,384**	356,111	966,378
Musharaka	**4,440,093**	5,178,141	4,841,761
Others	**417,350**	956,165	566,816
Accrued profit	**1,339,253**	1,123,612	925,612
Total financing assets	**125,021,575**	131,725,501	127,643,411
Deferred profit	**(10,218,180)**	(10,021,573)	(7,925,226)
Allowance for impairment - Performing (Stages 1 and 2)*	**(593,312)**	(445,960)	(1,040,639)
Allowance for impairment - Non-performing (Stage 3)*	**(3,714,123)**	(2,935,039)	(1,725,064)
Profit in suspense*	**(548,603)**	(463,648)	(311,197)
Net financing assets	**109,947,357**	117,859,281	116,641,285

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

The total non-performing financing assets net of deferred profit at 30 September 2023 amounted to QAR 7,433 million representing 6.47% of the gross financing assets net of deferred profit (31 December 2022: QAR 7,295 million representing 5.99% of the gross financing assets net of deferred profit; 30 September 2022: QAR 3,720 million representing 3.11% of the gross financing assets net of deferred profit).

(b) Movement in the allowance for impairment and profit in suspense on financing assets

	Allowance for impairment	***Profit in suspense***	***30 September 2023 (Reviewed)***
Balance as at 1 January	**3,380,999**	**463,648**	**3,844,647**
Charge for the period	**1,108,189**	**99,974**	**1,208,163**
Recoveries / reversals during the period	**(180,388)**	**(15,019)**	**(195,407)**
Write off during the period	**(2,003)**	**-**	**(2,003)**
Effect of foreign currency movement	**638**	**-**	**638**
Balance as at 30 September	**4,307,435**	**548,603**	**4,856,038**

	Allowance for impairment	*Profit in suspense*	*31 December 2022 (Audited)*
Balance as at 1 January	1,827,097	52,762	1,879,859
Charge for the year	1,749,740	416,928	2,166,668
Recoveries / reversals during the year	(193,285)	(6,042)	(199,327)
Write-off during the year	(704)	-	(704)
Effect of foreign currency movement	(1,849)	-	(1,849)
Balance at 31 December	3,380,999	463,648	3,844,647

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8 FINANCING ASSETS (continued)

(b) Movement in the allowance for impairment and profit in suspense on financing assets (continued)

	Allowance for impairment	*Profit in suspense*	*30 September 2022 (Reviewed)*
Balance as at 1 January	1,827,097	52,762	1,879,859
Charge for the period	1,155,712	263,595	1,419,307
Recoveries / reversals during the period	(213,956)	(5,160)	(219,116)
Write off during the period	(327)	-	(327)
Effect of foreign currency movement	(2,823)	-	(2,823)
Balance as at 30 September	2,765,703	311,197	3,076,900

9 INVESTMENT SECURITIES

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed) (Restated)*
Debt-type investments classified as amortised cost			
Fixed profit rate - Quoted	**4,584,081**	3,401,458	3,141,418
Fixed profit rate - Unquoted	**53,142**	57,162	57,162
Floating profit rate - Quoted	**370,070**	77,459	27,699
Government of Qatar - Quoted	**2,189,193**	3,944,120	3,912,626
Government of Qatar - Unquoted	**28,819,980**	23,365,000	24,265,000
Accrued profit	**356,935**	346,619	330,106
Less: Allowance for impairment*	**(84,181)**	(109,512)	(109,844)
	36,289,220	31,082,306	31,624,167
Equity-type investments classified as fair value through other comprehensive income			
- Quoted	**403,541**	289,451	238,564
- Unquoted	**115,607**	102,816	104,187
Accrued profit	**3,061**	2,085	1,095
	522,209	394,352	343,846
	36,811,429	31,476,658	31,968,013

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

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9 INVESTMENT SECURITIES (continued)

The cumulative change in the fair value of investment securities classified as fair value through other comprehensive income during the period / year is as follows:

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Positive fair value reserve:			
Balance at 1 January	**45,140**	35,123	35,123
Net change in fair value	**11,043**	10,017	17,431
Balance at 30 September / 31 December	**56,183**	45,140	52,554
Negative fair value reserve:			
Balance at 1 January	**(12,230)**	-	-
Net change in fair value	**(7,103)**	(12,230)	(7,268)
Balance at 30 September / 31 December	**(19,333)**	(12,230)	(7,268)
Total fair value reserve at 30 September / 31 December	**36,850**	32,910	45,286

10 DUE TO BANKS

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Current and short-term investment accounts	**773,978**	99,849	83,790
Commodity murabaha payable	**375,729**	846,312	286,983
Short-term Murabaha facilities from banks	-	-	655,028
Wakala payable	**25,678,866**	24,631,941	23,764,880
Repurchase agreements	**2,920,772**	3,139,915	3,158,787
Profit payable to banks	**114,139**	86,940	53,568
	29,863,484	28,804,957	28,003,036

The market value of securities given as collateral against the repurchase agreements are QAR 3,087 million (31 December 2022: QAR 3,347 million; 30 September 2022: QAR 3,324 million).

11 SUKUK AND DEBT FINANCING

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed) (Restated)*
Face value of sukuk and debt financing	**7,708,432**	7,584,261	7,484,603
Less: Unamortised transaction costs	**(3,207)**	(6,476)	(7,552)
Add: Net IFRS 3 adjustments	**1,604**	50,547	66,886
Profit payable	**78,867**	53,844	70,793
	7,785,696	7,682,176	7,614,730

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11 SUKUK AND DEBT FINANCING (continued)

The movement in sukuk and debt financing issued by the Group during the period / year is as follows:

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed) (Restated)*
Balance at 1 January, as restated	**7,682,176**	7,735,618	7,735,618
Net issuances during the period / year	**546,076**	109,184	-
Repayments during the period / year	**(604,518)**	(293,660)	(181,331)
Amortisation of transaction costs	**3,269**	4,477	3,406
Amortisation of IFRS 3 adjustments	**(48,943)**	(70,309)	(53,970)
Effect of foreign currency movement	**(5,621)**	(37,884)	(59,952)
Finance expense for the period / year	**213,257**	234,750	170,959
Balance at 30 September / 31 December	**7,785,696**	7,682,176	7,614,730

12 OTHER BORROWINGS

The movement in other borrowings issued by the Group during the period / year is as follows:

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Balance at 1 January	**3,843,236**	5,699,994	5,699,994
Net issuances during the period / year	**1,447,553**	725,910	361,866
Repayments during the period / year	**(756,302)**	(2,620,722)	(1,637,898)
Amortisation of transaction costs	**5,195**	9,852	8,368
Profit payable on borrowings	**45,786**	28,202	24,236
Other movements	**-**	-	110
Balance at 30 September / 31 December	**4,585,468**	3,843,236	4,456,676

13 PARTICIPATORY INVESTMENT ACCOUNTS

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Saving accounts	**6,914,158**	8,395,652	8,088,695
Term accounts	**71,560,824**	75,167,905	70,615,413
Short-term investment accounts	**3,996,112**	4,541,090	4,954,275
Profit payable to participatory investment accounts	**637,540**	448,846	312,432
Share in the reserve attributable to quasi-equity	**1,402**	1,386	2,366
	83,110,036	88,554,879	83,973,181

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14 EQUITY

(a) Share capital

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Authorised - Issued and fully paid			
9,300,000,000 shares at QAR 1 each	**9,300,000**	9,300,000	9,300,000

(b) Legal reserve

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Balance at 1 January	**9,644,166**	9,644,166	9,644,166
Transfer from retained earnings[1]	**-**	-	-
Balance at 30 September / 31 December	**9,644,166**	9,644,166	9,644,166

[1] 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 30 September 2023, as legal reserve reached 100% of the paid up capital.

(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 the Group inside and outside Qatar after the exclusion of 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.

In accordance with QCB approval, only 50% of the required amount of risk reserve for 2021 was appropriated from retained earnings. The remaining unappropriated risk reserve amounting to QAR 486 million will be rebuilt within a period of 5 years through annual transfers of QAR 97 million from retained earnings. The first of such annual transfers was done during the year ended 31 December 2022 and was included in the total risk reserve transfer of QAR 116 million made for that year. No transfer has been made for the period ended 30 September 2023 as Masraf will transfer the required amount by 31 December 2023.

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14 EQUITY (continued)

(d) Fair value reserve

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Balance at 1 January	**32,844**	36,125	36,125
Net unrealised gains / (losses)	**3,940**	(2,213)	10,163
Effective portion of cash flow hedge	**-**	(725)	9,541
Share of other comprehensive income of associates	**(4,497)**	(525)	(525)
Transfer to consolidated income statement	**951**	-	-
Share in the reserve attributable to quasi-equity	**(16)**	182	(798)
Net fair value movement	**378**	(3,281)	18,381
Balance at 30 September / 31 December (shareholders’ share)	**33,222**	32,844	54,506

(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.

(f) Other reserves

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Balance at 1 January	**140,512**	127,274	127,274
Share of results of associates	**-**	27,201	-
Dividend from associates transferred to retained earnings	**-**	(10,700)	-
Other movement	**-**	(3,263)	-
Balance at 30 September / 31 December	**140,512**	140,512	127,274

No transfer has been made for the period ended 30 September 2023, as Masraf will transfer the share of results of associates to other reserves by 31 December 2023.

(g) Dividend

On 15 March 2023, the General Assembly approved a cash dividend of 10% of the paid up share capital (2022: 17%) amounting to QAR 930 million (2022: QAR 1,581 million).

15 NON-CONTROLLING INTEREST

This represents the Group’s non-controlling interest in Al Rayan (UK) Limited (25%) and Al Rayan Bank PLC (26.24%) (31 December 2022: Al Rayan (UK) Limited - 25% and Al Rayan Bank PLC – 26.24%).

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16 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Unutilised credit facilities	**933,087**	1,026,611	1,261,665
Guarantees	**10,899,806**	13,102,552	13,834,108
Letters of credit	**1,141,834**	1,461,838	1,797,511
	12,974,727	15,591,001	16,893,284
Contingent liabilities of a non-Shari’a-compliant subsidiary[1]	**352,696**	502,707	502,827

[1] Contingent liabilities of a non-Shari’a-compliant subsidiary consist of the following:

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Unutilised credit facilities	**149,985**	242,400	212,905
Guarantees	**194,907**	254,074	287,262
Letters of credit	**7,804**	6,233	2,660
	352,696	502,707	502,827

(b) Other undertakings and commitments

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Profit rate swap	**6,573,315**	7,957,104	8,896,161
Unilateral promise to buy/sell currencies	**11,450,452**	8,604,329	8,412,834
Currency swap	**68,413**	68,413	68,413
	18,092,180	16,629,846	17,377,408

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Capital commitments in respect of Head Office building under construction	**125,397**	187,926	209,804

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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.

	For the nine-month period ended 30 September	
	2023	*2022*
	(Reviewed)	*(Reviewed)*
		(Restated)
Net profit for the period attributable to equity holders of the Bank	**1,237,645**	1,331,160
Weighted average number of shares outstanding during the period (thousand)	**9,300,000**	9,300,000
Basic earnings per share (QAR)	**0.133**	0.143

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

	30 September 2023 (Reviewed)	*30 September 2022 (Reviewed)*
Cash on hand and balances with QCB excluding cash reserve	**1,202,060**	1,037,832
Due from banks	**5,215,304**	2,477,978
Investment securities	**361,251**	-
Add: Allowance for impairment	**87**	53
	6,778,702	3,515,863

Non-cash transaction:
The following non-cash activity entered into by the Group is not reflected in the interim consolidated statement of cash flows:

[1] The Group recognized Ijarah contract additions and modifications resulting to increase in right-of-use assets amounting to QAR 8,514 thousand during the period (31 December 2022: QAR 7,797 thousand, 30 September 2022: QAR 5,878 thousand).

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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 shareholders and entities over which the Group and the shareholders exercise significant influence, directors and executive management of the Group.

(a) Transactions and balances

	30 September 2023 (Reviewed)			31 December 2022 (Audited)			30 September 2022 (Reviewed)		
	Associate companies	**Board of Directors**	**Major shareholders**	Associate companies	Board of Directors	Major Shareholders	Associate companies	Board of Directors	Major shareholders
Consolidated statement of financial position items:									
Financing assets	**-**	**17,759**	**3,668,183**	-	670,327	3,808,408	-	674,473	3,762,006
Customer current accounts	**68,537**	**81,643**	**-**	76,233	172,495	3	85,837	57,011	-
Participatory investment accounts	**13,280**	**149,537**	**18,545,125**	75,700	252,190	19,004,065	16,645	250,749	18,719,443
Other assets	**-**	**-**	**-**	1,000	-	-	1,000	-	-
Other liabilities	**-**	**-**	**96,045**	-	-	97,588	-	-	89,030
Contingent liabilities:									
Letters of credit	**-**	**707**	**-**	-	3,327	-	-	498	-
Guarantees	**128,452**	**99,313**	**-**	107,326	110,845	-	96,195	121,785	-

For the nine-month period ended 30 September

	2023 (Reviewed)			2022 (Reviewed)		
	Associate companies	**Board of Directors**	**Major shareholders**	Associate companies	Board of Directors	Major shareholders
Consolidated income statement items:						
Income from financing activities	**-**	**866**	**118,101**	-	21,090	114,448
Net profit attributable to quasi-equity	**975**	**5,822**	**625,369**	259	3,289	197,366
Operating expenses	**12,201**	**-**	**-**	22,909	-	-

All the transactions with the related parties are substantially on the same terms, including profit rates and collateral, as those prevailing in comparable transactions with unrelated parties.

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19 RELATED PARTIES (continued)

(b) Transactions with key management personnel

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

	For the nine-month period ended 30 September	
	2023 (Reviewed)	*2022 (Reviewed)*
Remuneration to Board of Directors including meeting allowances	**15,625**	14,175
Salaries and other benefits - Key management	**13,781**	14,079

20 CAPITAL ADEQUACY RATIO

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period. The capital adequacy ratio of the Group is calculated in accordance with the Basel III Committee guidelines as adopted by the QCB.

	30 September 2023 (Reviewed)	*31 December 2022 (Audited)*	*30 September 2022 (Reviewed)*
Common Equity Tier 1 (CET 1) capital	**20,728,540**	20,644,439	20,230,575
Additional Tier 1 capital	**1,000,000**	1,000,000	1,000,000
Tier 2 capital	**916,513**	896,189	1,165,919
Total regulatory capital	**22,645,053**	22,540,628	22,396,494
Risk weighted assets			
Risk weighted assets for credit risk	**98,249,087**	103,470,735	100,198,275
Risk weighted assets for market risk	**377,449**	643,630	4,328,619
Risk weighted assets for operational risk	**6,964,249**	6,964,249	6,063,541
Total risk weighted assets	**105,590,785**	111,078,614	110,590,435

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20 CAPITAL ADEQUACY RATIO (continued)

	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
30 September 2023						
Actual	**19.63%**	**19.63%**	**20.58%**	**21.45%**	**21.45%**	**21.45%**
Minimum QCB limit	**6.00%**	**8.50%**	**10.50%**	**12.50%**	**13.50%**	**15.38%**
31 December 2022						
Actual	18.59%	18.59%	19.49%	20.29%	20.29%	20.29%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	15.38%
30 September 2022						
Actual	18.29%	18.29%	19.20%	20.25%	20.25%	20.25%
Minimum QCB limit	6.00%	8.50%	10.50%	12.50%	13.50%	15.54%

[1] *Domestic Systemically Important Bank*

21 DISCLOSURE OF SOURCES AND APPLICATION OF CHARITY FUND FOR THE PERIOD

	For the nine-month period ended 30 September	
	2023 (Reviewed)	*2022 (Reviewed)*
Sources of charity fund		
Undistributed charity fund as at 1 January	**46,745**	9,927
Net earnings prohibited by Shari'a during the period	**77,338**	26,466
Total source of charity fund	**124,083**	36,393
Use of charity fund		
Researches, donations and other uses during the period	**-**	-
Undistributed charity fund as at 30 September	**124,083**	36,393

22 BUSINESS COMBINATION

On 7 January 2021, the Bank and Al Khalij Commercial Bank P.Q.S.C. ("Al Khaliji") have entered into a merger agreement (the "Merger") as approved by the Board of Directors of both banks, which was subsequently approved by the shareholders of both the Bank and Al Khalij at their respective Extra-Ordinary General Assemblies held on 5 October 2021 and 6 October 2021, respectively.

On 2 November 2021, the QCB approved the Bank's merger with Al Khalij by way of absorption pursuant to Article 278 of the Commercial Companies Law Number 11 of 2015 and Article 161(2) of Law Number 13 of 2012 issuing the Qatar Central Bank Law and Regulation of Financial Institutions, and the merger agreement.

The Merger was effected through a share swap transaction at an exchange ratio of 0.5 Masraf share for every one share of Al Khaliji, corresponding to 1,800 million new shares issued to the shareholders of Al Khaliji at the close of business on 30 November 2021 (the "effective date").

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22 BUSINESS COMBINATION (continued)

Al Khaliji shares were delisted from the Qatar Stock Exchange and the Bank issued 1,800 million new shares to the shareholders of Al Khaliji. Following the completion of the merger, Masraf shareholders owned approximately 81 percent of the combined bank and Al Khaliji shareholders owned approximately 19 percent. The merger transaction was accounted for in accordance with IFRS 3 - Business Combinations. IFRS 3 requires that an acquirer be identified in a business combination and acquisition accounting principles be applied. Masraf was identified as the "accounting acquirer" in this transaction.

The merger was effected to create a new Bank with the financial strength, expertise and global network that will become one of Qatar's and the region's leading Shari'a-compliant banks which will bolster Qatar's economic growth and finance development initiatives.

(a) Share capital – issuance of new shares

Outstanding number of shares of Al Khaliji (Units '000)	3,600,000
Exchange ratio	0.5
Number of shares of the Bank issued to Al Khaliji shareholders (Units '000)	1,800,000
Par value of shares issued by the Bank to Al Khaiji shareholders (QAR 1 each) (QAR '000)	1,800,000
Outstanding share capital of the Bank (QAR '000)	7,500,000
Total share capital post acquisition (QAR '000)	**9,300,000**

(b) Purchase consideration

Outstanding number of shares of the Bank (Units '000)	7,500,000
Divided by the Bank's percentage of ownership in the Group	80.65%
Total number of shares of the Group (Units '000)	**9,300,000**
Multiplied by Al Khaliji's percentage of ownership in the Group	19.35%
Total number of shares issued by the Bank to Al Khaliji	1,800,000
Multiplied by the Bank's share price on the effective date (QAR)	4.85
Total purchase consideration (QAR '000)	**8,730,000**

(c) Share premium

In accordance with Qatar Commercial Companies' Law, any share premium on issuance of new shares will form part of the legal reserve.

Total purchase consideration	8,730,000
Par value of shares issued by the Bank to Al Khaiji shareholders	(1,800,000)
Share premium	**6,930,000**
Legal reserve	
Al Khalij Commercial Bank (al khaliji) P.Q.S.C.	1,532,395
Masraf Al Rayan (Q.P.S.C.)	2,714,166
Total	4,246,561
Less: pre-acquisition legal reserve	(1,532,395)
Add: share premium on issuance of new shares	6,930,000
Closing balance post business combination[1]	**9,644,166**

Masraf Al Rayan (Q.P.S.C.) QAR ’000s

22 BUSINESS COMBINATION (continued)

(c) Share premium (continued)

Risk reserve	
Al Khalij Commercial Bank (al khaliji) P.Q.S.C.	495,195
Masraf Al Rayan (Q.P.S.C.)	1,796,600
Total	2,291,795
Less: pre-acquisition risk reserve	(495,195)
Closing balance post business combination[1]	**1,796,600**

[1] Prior to transfers from retained earnings

(d) Identifiable assets acquired and liabilities assumed

The purchase consideration (also referred to as “purchase price”) of the merger has been allocated to the assets acquired and liabilities assumed using their fair values at the acquisition date.

	30 November 2021
Assets	
Cash and balances with central banks	1,433,464
Due from banks	6,216,979
Financing assets	35,434,561
Investment securities	10,924,453
Fixed assets	371,048
Assets of a non-Shari’a-compliant subsidiary and Other assets	3,059,353
Intangible asset – Customer relationships	649,567
Intangible asset – Core deposits	223,471
Intangible asset – License	51,369
Total assets	58,364,265
Liabilities	
Due to banks	13,385,586
Customer current accounts	881,126
Participatory investment accounts	26,843,045
Debt securities	2,383,726
Other borrowings	3,270,966
Liabilities of a non-Shari’a-compliant subsidiary and Other liabilities	2,747,302
	49,511,751
Instrument eligible for additional capital	1,000,000
Total liabilities	50,511,751
Al Khaliji net assets as at acquisition date attributable to its equity holders	**7,852,514**

The net assets recognised in the interim condensed consolidated financial statements for the period ended 30 September 2022 were based on a provisional assessment of their fair value while the Group continued its PPA exercise. The PPA exercise was not completed by the date when the 30 September 2022 interim condensed consolidated financial statements were approved for issue.

Masraf Al Rayan (Q.P.S.C.) QAR ’000s

22 BUSINESS COMBINATION (continued)

(d) Identifiable assets acquired and liabilities assumed (continued)

During 2022, the Group completed the Purchase Price Allocation (“PPA”) exercise within twelve months from the acquisition date and the following items were covered:

- valuation of intangible assets including license, core deposits and customer relationships;
- valuation adjustments to the fair value of financing assets;
- valuation adjustments to the fair value of investment securities;
- valuation adjustments to the fair value of assets held by a non-Shari’a-compliant subsidiary; and
- valuation adjustments to the fair value of sukuk and debt financing.

(e) Restatement of the interim consolidated statement of financial position as at 30 September 2022

As stated above, the 30 September 2022 comparative information has been restated to reflect the adjustments to the provisional amounts.

	As at 30 September 2022 (as previously reported)	*Net restatement due to IFRS 3 adjustments*	*As at 30 September 2022 (as restated)*
Financing assets	116,630,115	11,170	116,641,285
Investment securities	31,984,589	(16,576)	31,968,013
Other assets	4,276,759	26,611	4,303,370
Intangible assets, net	1,758,698	(51,652)	1,707,046
Sukuk and debt financing	7,547,844	66,886	7,614,730

(f) Goodwill and intangible assets

During 2022, the Group has completed the PPA exercise of calculating the carrying value of Al Khaliji’s assets and liabilities as at 30 November 2021, which is equal to fair value for the purpose of calculating goodwill. The goodwill is attributable to the synergies expected to be achieved from integrating Al Khaliji into the Group.

	30 November 2021
Total purchase consideration	8,730,000
Total fair value of identifiable net assets of Al Khaliji	(7,852,514)
Goodwill on business acquisition	**877,486**

(g) Valuation approach and methodologies

Customer relationship

- The income approach has been used in estimating the fair value of Al Khaliji’s customer relationships as an intangible asset as at the effective date. The income approach values the customer relationship as the present value of the future earnings that it is expected to generate over its remaining useful economic life.

- Under the income approach, the Multi-period excess earnings method (“MPEEM”) has been utilized which is a commonly accepted method for valuing customer relationships.

22 BUSINESS COMBINATION (continued)

(g) Valuation approach and methodologies (continued)

- MPEEM is a specific application of the discounted cash flow method where the value of an intangible asset is taken as the present value of the incremental (after-tax) cash flows attributable only to the subject intangible asset after deducting contributory asset charges ("CAC").

- The principle behind CAC is that an intangible asset "rents" or "leases" from a hypothetical third party all the assets it requires to produce the cash flows resulting from its development, that each project rents only those assets it needs (including element of goodwill) and not the ones that it does not need, and that each project pays the owner of the assets a fair return on (and of, when appropriate) the fair value of the rented assets.

- Thus, any net cash flows remaining after the CAC are attributable to the subject intangible asset being valued. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value.

Core deposits

- The incremental saving approach to valuation has been used in estimating the fair value of the core deposits as an intangible asset as at the effective date. Under this method, the economic benefits earned from the core deposits have been computed over the life of the core deposits considering an attrition rate. The incremental savings approach values the core deposits as the present value of the future savings that are expected to be generated over its remaining useful economic life. The incremental savings method utilized is a commonly accepted method for valuing core deposits.

License

- License intangible assets represent the value attributable from operating profit expected to be generated by the Group's subsidiary, Al Khaliji France S.A. from its operations in France and United Arab Emirates. The intangible asset was valued using the multi-period excess earnings method, a commonly applied methodology for valuing operating license.

23 RESTATEMENT OF PRIOR PERIOD'S FINANCIAL STATEMENTS

During 2022, restatements to the consolidated financial statements for the year ended 31 December 2021 relating to adjustments to the provisional amounts of identified assets and liabilities acquired upon completion of the PPA exercise, and adjustment to foreign currency translation reserve to be consistent with *IAS 21 - The Effects of Changes in Foreign Exchange Rates*, have been incorporated by the Group. Prior to the restatement, a non-monetary item in a foreign currency that should be measured in terms of historical cost was translated using the closing exchange rate, which resulted to foreign exchange revaluation gains / (losses) in previous reporting periods.

These restatements had been carried out in accordance with the requirements of *IFRS 3 - Business Combinations* and *FAS 1 (Revised 2021) – General Presentation and Disclosures in the Financial Statements.* Accordingly, the comparative amounts for the period ended 30 September 2022 have also been restated to conform with the restatements carried out for 31 December 2021 consolidated financial statements. The effects of the restatements are summarised below:

Masraf Al Rayan (Q.P.S.C.) QAR ’000s

23 RESTATEMENT OF PRIOR PERIOD’S FINANCIAL STATEMENTS (continued)

As at 30 September 2022:

		Net restatements		
Consolidated statement of financial position	*As previously reported*	*IFRS 3 adjustments*	*Foreign currency translation reserve*	*As restated*
ASSETS				
Financing assets	116,630,115	11,170	-	116,641,285
Investment securities	31,984,589	(16,576)	-	31,968,013
Other assets	4,276,759	26,611	-	4,303,370
Intangible assets, net	1,758,698	(51,652)	-	1,707,046
Total assets	164,102,314	(30,447)	-	164,071,867
LIABILITIES				
Sukuk and debt financing	7,547,844	66,886	-	7,614,730
Total liabilities	55,755,571	66,886	-	55,822,457
EQUITY				
Foreign currency translation reserve	(71,511)	-	(149,887)	(221,398)
Retained earnings	1,861,185	(97,333)	149,887	1,913,739
Total equity attributable to equity holders	23,198,444	(97,333)	-	23,101,111

For the nine-month period ended 30 September 2022:

		Net restatements		
Consolidated income statement	*As previously reported*	*IFRS 3 adjustments*	*Foreign currency translation reserve*	*As restated*
INCOME				
Income from financing activities	3,686,386	(62,301)	-	3,624,085
Income from investing activities	897,391	5,845	-	903,236
Foreign exchange gain (net)	177,181	-	68,474	245,655
TOTAL INCOME	5,136,476	(56,456)	68,474	5,148,494
EXPENSES				
Depreciation and amortisation	(40,837)	(94,847)	-	(135,684)
Finance expense	(646,324)	53,970	-	(592,354)
TOTAL EXPENSES	(1,514,396)	(40,877)	-	(1,555,273)
NET PROFIT FOR THE PERIOD	1,374,717	(97,333)	68,474	1,345,858

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23 RESTATEMENT OF PRIOR PERIOD'S FINANCIAL STATEMENTS (continued)

For the nine-month period ended 30 September 2022:

		Net restatements		
Consolidated statement of cash flows	*As previously reported*	*IFRS 3 adjustments*	*Foreign currency translation reserve*	*As restated*
CASH FLOWS FROM OPERATING ACTIVITIES				
Adjustments for:				
Profit before tax for the year	1,391,710	(97,333)	68,474	1,362,851
Depreciation and amortisation	40,837	94,847	-	135,684
Amortization of transaction costs and IFRS 3 adjustments on sukuk financing and other borrowings	11,774	(53,970)	-	(42,196)
Net amortisation of premium and discount on investment securities	61,827	(5,845)	-	55,982
Profit before changes in operating assets and liabilities	2,549,462	(62,301)	68,474	2,555,635
Change in financing assets	2,681,822	62,301	-	2,744,123
Net cash from operating activities	11,116,879	-	68,474	11,185,353
NON-CASH ITEM				
Effects of exchange rate changes on cash and cash equivalents held	(59,061)	-	(68,474)	(127,535)

As at 31 December 2021:

		Net restatements		
Consolidated statement of financial position	*As previously reported*	*IFRS 3 adjustments*	*Foreign currency translation reserve*	*As restated*
ASSETS				
Financing assets	120,806,731	73,471	-	120,880,202
Investment securities	32,775,088	(22,421)	-	32,752,667
Other assets	3,253,204	26,611	-	3,279,815
Intangible assets, net	1,758,698	43,195	-	1,801,893
Total assets	174,033,860	120,856	-	174,154,716
LIABILITIES				
Sukuk and debt financing	7,614,762	120,856	-	7,735,618
Total liabilities	51,603,942	120,856	-	51,724,798
EQUITY				
Foreign currency translation reserve	(5,915)	-	(81,413)	(87,328)
Retained earnings	2,082,166	-	81,413	2,163,579
Total equity attributable to equity holders	23,466,640	-	-	23,466,640