

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**BARWA BANK Q.S.C.**

**FOR THE NINE MONTH PERIOD ENDED  
30 SEPTEMBER 2015**

**BARWA BANK Q.S.C.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**For the nine month period ended 30 September 2015**

<b>CONTENTS</b>	<b>PAGE</b>
Independent auditors' review report	1
Interim consolidated statement of financial position	2
Interim consolidated statement of income	3
Interim consolidated statement of changes in owners' equity	4
Interim consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 – 21

## INDEPENDENT AUDITOR'S REVIEW REPORT

To The Shareholders  
Barwa Bank Q.S.C.  
Doha – Qatar

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Barwa Bank Q.S.C. ("the Bank") and its subsidiaries (together referred to as the "Group") comprising the interim consolidated statement of financial position as at 30 September 2015, and the related interim consolidated statements of income for the three month and nine month periods ended 30 September 2015, changes in owners' equity and cash flows for the nine month period then ended, and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI"), the applicable provisions of Qatar Central Bank regulations, the basis of accounting mentioned in note (2a) of the accompanying interim condensed consolidated financial statements and the Bank's undertaking to operate in accordance with Islamic Shari'a rules and principles. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with note (2a) of the accompanying interim condensed consolidated financial statements and applicable provisions of Qatar Central Bank regulations.

For Deloitte & Touche  
Qatar Branch





## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

QAR '000s

		30 September 2015	31 December 2014
	Note	(Reviewed)	(Audited)
<b>ASSETS</b>			
Cash and balances with Qatar Central Bank	7	1,247,586	1,265,210
Due from banks	8	1,974,632	2,107,985
Financing assets	9	22,541,426	23,045,757
Investment securities	10	11,847,566	10,036,132
Investment in associates and joint ventures	11	313,729	266,185
Investment property		4,662	4,662
Fixed assets		245,917	271,799
Intangible assets		777,230	777,230
Other assets		541,652	422,560
<b>TOTAL ASSETS</b>		<b>39,494,400</b>	<b>38,197,520</b>
<b>LIABILITIES</b>			
Due to banks	12	8,517,275	8,982,279
Customer current accounts		3,144,237	1,628,841
Other liabilities		992,977	930,742
<b>TOTAL LIABILITIES</b>		<b>12,654,489</b>	<b>11,541,862</b>
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	13	<b>20,099,723</b>	<b>20,229,556</b>
<b>OWNERS' EQUITY</b>			
Share capital	14(a)	3,000,000	3,000,000
Legal reserve	14(b)	1,951,750	1,951,750
Treasury shares	14(c)	(38,349)	(38,349)
Risk reserve	14(d)	500,645	500,645
Fair value reserve	10	(18,384)	(129)
Foreign currency translation reserve		1,816	1,816
Other reserves	14(e)	328,940	328,940
Retained earnings		980,545	632,485
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>		<b>6,706,963</b>	<b>6,377,158</b>
Non-controlling interests		33,225	48,944
<b>TOTAL OWNERS' EQUITY</b>		<b>6,740,188</b>	<b>6,426,102</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>		<b>39,494,400</b>	<b>38,197,520</b>

These interim condensed consolidated financial statements were approved by the Board of Directors on 21 October 2015 and were signed on its behalf by:

  
 Mohamed Bin Hamad Bin Jassim Al Thani  
 Chairman

  
 Khalid Yousef Al-Subeai  
 Acting Group Chief Executive Officer



**INTERIM CONSOLIDATED STATEMENT OF INCOME**

QAR '000s

	Note	For the three month period ended 30 September		For the nine month period ended 30 September	
		2015 (Reviewed)	2014 (Reviewed)	2015 (Reviewed)	2014 (Reviewed)
Net income from financing activities		323,918	291,795	917,294	845,258
Net income from investing activities		49,571	101,359	242,173	267,882
<b>Total net income from financing and investing activities</b>		<b>373,489</b>	<b>393,154</b>	<b>1,159,467</b>	<b>1,113,140</b>
Fee and commission income		35,230	47,283	103,148	108,237
Fee and commission expense		(3,429)	(2,967)	(9,939)	(7,022)
<b>Net fee and commission income</b>		<b>31,801</b>	<b>44,316</b>	<b>93,209</b>	<b>101,215</b>
Net foreign exchange gain		1,102	5,134	3,686	13,609
Share of results of associates and joint ventures	11	(2,067)	(5,806)	(2,014)	2,665
Other income		6,447	18,749	8,315	21,682
<b>Total income</b>		<b>410,772</b>	<b>455,547</b>	<b>1,262,663</b>	<b>1,252,311</b>
Staff costs		(46,659)	(79,340)	(208,522)	(228,568)
Depreciation and amortization		(11,860)	(11,272)	(35,279)	(31,628)
Other expenses		(16,514)	(51,735)	(94,641)	(136,843)
Finance cost		(19,195)	(11,054)	(60,904)	(34,507)
<b>Total expenses</b>		<b>(94,228)</b>	<b>(153,401)</b>	<b>(399,346)</b>	<b>(431,546)</b>
Net impairment on investment securities		(8,105)	-	(8,105)	-
Net reversal/(impairment) on financing assets	9(b)	3,245	(5,940)	10,918	22,867
<b>Profit for the period before return to investment account holders</b>		<b>311,684</b>	<b>296,206</b>	<b>866,130</b>	<b>843,632</b>
Return to investment account holders	13	(81,255)	(66,343)	(223,444)	(202,295)
<b>Net profit for the period</b>		<b>230,429</b>	<b>229,863</b>	<b>642,686</b>	<b>641,337</b>
<b>Net profit for the period attributable to:</b>					
Equity holders of the Bank		233,515	220,321	644,225	628,902
Non-controlling interests		(3,086)	9,542	(1,539)	12,435
<b>Net profit for the period</b>		<b>230,429</b>	<b>229,863</b>	<b>642,686</b>	<b>641,337</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share (QAR per share)	16	0.79	0.74	2.18	2.12

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY**

<b>For the nine month period ended 30 September 2015</b>										
	Share capital	Legal reserve	Treasury shares	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	cont in
<b>Balance at 1 January 2015 (Audited)</b>	3,000,000	1,951,750	(38,349)	500,645	(129)	1,816	328,940	632,485	6,377,158	
Net profit for the period	-	-	-	-	-	-	-	644,225	644,225	(
Fair value reserve movement	-	-	-	-	(18,255)	-	-	-	(18,255)	
<b>Total recognised income and expense for the period</b>	-	-	-	-	(18,255)	-	-	644,225	625,970	(
Dividend paid	-	-	-	-	-	-	-	(296,165)	(296,165)	
Change in ownership interest	-	-	-	-	-	-	-	-	-	(1
<b>Balance at 30 September 2015 (Reviewed)</b>	3,000,000	1,951,750	(38,349)	500,645	(18,384)	1,816	328,940	980,545	6,706,963	3
<b>For the nine month period ended 30 September 2014</b>										
	Share capital	Legal reserve	Treasury shares	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Retained earnings	Total equity attributable to equity holders of the Bank	cont in
<b>Balance at 1 January 2014 (Audited)</b>	3,000,000	1,809,483	(38,349)	442,494	23,850	1,682	215,155	235,352	5,689,667	4
Net profit for the period	-	-	-	-	-	-	-	628,902	628,902	1
Fair value reserve movement	-	-	-	-	(2,962)	-	-	-	(2,962)	
<b>Total recognised income and expense for the period</b>	-	-	-	-	(2,962)	-	-	628,902	625,940	1
Change in ownership interest	-	-	-	-	-	-	-	-	-	
<b>Balance at 30 September 2014 (Reviewed)</b>	3,000,000	1,809,483	(38,349)	442,494	20,888	1,682	215,155	864,254	6,315,607	6

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

QAR '000s

		For the nine month period ended 30 September	
		2015	2014
	Note	(Reviewed)	(Reviewed)
<b>Cash flows from operating activities</b>			
Net profit for the period		642,686	641,337
<i>Adjustments for:</i>			
Impairment loss on investment securities		8,105	-
Impairment loss on financing assets	9(b)	16,256	30,522
Depreciation and amortization		35,279	31,628
Employees' end of service benefits		8,749	13,150
Net gain on sale of investment securities		(31,840)	(56,251)
Dividend income		(32,285)	(23,290)
Share of results of associates and joint ventures	11	2,014	(2,665)
Gain on disposal of investment property		-	(17,492)
<i>Profit before changes in operating assets and liabilities</i>		<u>648,964</u>	<u>616,939</u>
Change in reserve account with Qatar Central Bank		(37,295)	(256,112)
Change in due from banks		252,000	767,128
Change in financing assets		488,075	(2,766,749)
Change in other assets		(119,092)	(245,942)
Change in due to banks		(465,004)	1,029,177
Change in customer current accounts		1,515,396	(235,528)
Change in other liabilities		60,552	402,428
		<u>2,343,596</u>	<u>(688,659)</u>
Dividends received		32,285	23,290
Employees' end of service benefits paid		(7,066)	(3,409)
<b>Net cash from/(used in) operating activities</b>		<u>2,368,815</u>	<u>(668,778)</u>
<b>Cash flows from investing activities</b>			
Acquisition of investments, net		(1,822,148)	(1,507,294)
Acquisition of investment in associates and joint ventures, net		(47,544)	560
Disposal of an investment property		-	52,872
Acquisition of fixed assets		(9,397)	(158,966)
<b>Net cash used in investing activities</b>		<u>(1,879,089)</u>	<u>(1,612,828)</u>
<b>Cash flows from financing activities</b>			
Change in equity of investment account holders		(129,833)	1,134,428
Dividend paid		(296,165)	-
<b>Net cash (used in)/from financing activities</b>		<u>(425,998)</u>	<u>1,134,428</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>63,728</u>	<u>(1,147,178)</u>
Cash and cash equivalents at 1 January		1,150,730	2,880,463
<b>Cash and cash equivalents at 30 September</b>	18	<u>1,214,458</u>	<u>1,733,285</u>

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

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**1. REPORTING ENTITY**

Barwa Bank (the "Bank") was incorporated as a Qatari Shareholding Company in the State of Qatar under Commercial Registration No. 38012 dated 28 January 2008 ("date of incorporation"). The Bank commenced its activities on 1 February 2009 under Qatar Central Bank ("QCB") License No. RM/19/2008. The Bank operates through its head office situated on Grand Hamad Street, Doha and its 5 branches in Doha, State of Qatar.

The Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") are primarily engaged in financing, investing and advisory activities in accordance with Islamic Shari'a principles as determined by the Shari'a Committee of the Bank and provisions of its Memorandum and Articles of Association. Investment activities are carried out for proprietary purpose and on behalf of customers.

The Bank is owned 20.36% by General Retirement and Social Insurance Authority, 20.36% by Military Pension Fund (Qatar), 12.13% by Qatar Holding, the strategic and direct investment arm of Qatar Investment Authority being the sovereign wealth fund of the State of Qatar; with remaining shares owned by several individuals and corporate entities.

The principal subsidiaries of the Group are as follows:

Name of subsidiary	Country of incorporation	Date of Acquisition	Percentage of ownership	
			30 September 2015	31 December 2014
The First Investor P.Q.S.C. ("TFI")	Qatar	13 December 2009	100%	100%
First Finance Company P.Q.S.C. ("FFC")	Qatar	12 July 2010	100%	100%
First Leasing Company P.Q.S.C. ("FLC")	Qatar	13 July 2010	100%	100%
TFI GCC Equity Opportunities Fund	Qatar	31 October 2012	67%	62%

- (i) TFI provides a full range of investment banking products and services that comply with Shari'a principles.
- (ii) FFC is engaged in Shari'a compliant financing activities in accordance with its Articles of Association and QCB regulations.
- (iii) FLC is primarily engaged in the Islamic leasing business.
- (iv) TFI GCC Equity Opportunities Fund is an open end fund founded by the Bank and managed by TFI. It invests in marketable equities and debt securities of entities, having Shari'a compliant business model and incorporated in GCC to earn return for its unit holders.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

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**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

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

These 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 consolidated financial statements of the Group as at and for the year ended 31 December 2014. The results for the nine month period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015.

**(b) Basis of measurement**

These interim condensed consolidated financial statements have been prepared under the historical cost basis except for investments carried at fair value through equity, investments carried at fair value through the statement of income and derivatives held for risk management purposes, which are measured at fair value.

**(c) Functional and presentation currency**

These interim condensed consolidated financial statements are presented in Qatari Riyals ("QAR"), which is the Group's functional currency. Except as otherwise indicated, financial statements presented in QAR has been rounded to the nearest thousands. The functional currencies for the Group entities have also been assessed as Qatari Riyals.

**(d) Use of estimates and judgments**

The preparation of these interim condensed consolidated financial statements in conformity with FAS requires management to make judgments, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the accounting policies were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2014.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

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**3. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended 31 December 2014 except for certain new standards, amendments and interpretations effective from 1 January 2015 as mentioned below:

**New standards, amendments and interpretations effective from 1 January 2015**

During the period, the Accounting and Auditing Standards for Islamic Financial Institutions (AAOIFI) issued amendments to FAS 23 which are effective from 1 January 2015. These amendments provide clarification and expands the scenarios for assessing control when an entity holds less than the majority voting rights in an investee. In particular, the concept of de-facto control has been introduced. The amendment clarifies that where the Islamic Financial Institution "IFI" has less than majority voting rights in an investee, control may also exist through:

- a) agreement with the entity's other shareholders or the entity itself;
- b) rights arising from other contractual arrangements;
- c) the IFI's voting rights (de facto power);
- d) potential voting rights; or
- e) a combination thereof.

FAS 23, however does not provide specific guidance for assessment of control over special purpose vehicles (SPVs). The Bank previously referred to the relevant guidance within International Financial Reporting Standards (IFRSs). As a result of revisions to IFRS 10 (consolidation), the Group has now also changed its accounting policy for determining whether it has control over SPVs. The new control model focuses on whether the Group has power over an SPV, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In particular, expanded guidance has been provided to assess whether the Group's decision making rights over an investee would be considered as those of a principal (primarily for its own benefit) and when it would be considered to be that of an agent (primarily for benefit of its investors).

In accordance with the amendments to FAS 23, the Group has reassessed its investments considering the new control definition criteria and based on the assessment, management had concluded that the Group would continue to control the investees (note 1). The conclusion is based on the assessment that the Group, in addition to its power over relevant activities, continues to have significant variability from its involvement with the investee.

As a result of the above, there were no changes to the entities that were controlled and consolidated by the Group as of 31 December 2014. Accordingly, adoption of the new amendments did not have a significant impact on the interim condensed consolidated financial information or the amounts reported in the comparative periods.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New standards, amendments and interpretations issued but not yet effective**

AAOIFI has issued a new accounting standard on investment accounts – Financial Accounting Standard Number 27 (FAS 27): Investment Accounts. The new FAS 27 has updated and replaced two of AAOIFI's previous accounting standards relating to investment accounts – FAS 5: Disclosure for bases for Profit Allocation between Owners' Equity and Investment Account Holders as well as FAS 6: Equity of Investment Account Holders and Their Equivalent.

This standard applies to investment accounts based on Mudaraba contracts which represents 'equity of investment accountholders, and on Mudaraba contracts that are placed on "short-term basis" (overnight, seven days, one month basis) by other financial institutions as "interbank deposits" for the purpose of liquidity management. However, it is not applicable to own equity instruments, wakala contracts, reverse murabaha, musharaka or sukuk.

The Group is currently assessing the impact of this standard for future periods.

**4. FINANCIAL RISK MANAGEMENT**

The Groups'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 2014.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

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**5. OPERATING SEGMENTS**

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

Corporate Banking	Includes financing, deposits and other transactions and balances with corporate customers
Retail Banking	Includes financing, deposits and other transactions and balances with retail customers
Treasury and Investments division	Undertakes the Group's funding and centralised risk management activities through borrowings, use of risk management instruments for risk management purposes and investing in liquid assets such as short-term placements and corporate and government debt securities. Further, it also manages Group's trading of investments and corporate finance activities.
Investment Banking and Asset Management	Operates the Group's funds management activities. Mainly includes financial advisory services, including deal sourcing, structuring, valuations and advisory services, equity structuring, restructuring and placement; debt structuring, restructuring and placement including project finance, securitisation and sukuk; client portfolios management, structuring of liquidity products; structuring and marketing and management of open and closed ended funds; structuring, acquisition, placement and initial public offering of private equities; and private equity, equity structuring, private placements and initial public offerings.

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ended 30 September 2015

QAR '000s

TS (CONTINUED)

Results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, as management reports that are reviewed by the Group Management Committee. Segment profit is used to measure performance as at such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these

## Operating segments

Month period ended	Corporate banking	Retail banking	Treasury and investments division	Investment banking and asset management	Unallocated	Total
Operating and investing activities						
Income / (expense)	758,064	158,540	246,920	(4,057)	-	1,159,467
Profit	39,760	13,698	(1,456)	41,207	-	93,209
	485,419	10,774	129,042	17,451	-	642,686
Assets	20,629,000	2,806,198	14,572,058	709,914	777,230	39,494,400

## Month period ended

Month period ended	Corporate banking	Retail banking	Treasury and Investments division	Investment banking and asset management	Unallocated	Total
Operating and investing activities						
Income	693,802	151,456	257,167	10,715	-	1,113,140
Profit	43,172	15,666	2,227	40,150	-	101,215
	446,886	11,651	161,298	21,502	-	641,337
Assets	21,735,113	2,678,369	10,816,322	607,844	777,230	36,614,878

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

**6. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS**

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Fair value through statement of income	Fair value through equity	Amortised cost	Total carrying amount	Fair
<b>30 September 2015 (Reviewed)</b>					
Cash and balances with Qatar Central Bank	-	-	1,247,586	1,247,586	1,247,586
Due from banks	-	-	1,974,632	1,974,632	1,974,632
Financing assets	-	-	22,541,426	22,541,426	22,541,426
Investment securities:					
- Carried at fair value	63,396	1,099,361	-	1,162,757	1,162,757
- Carried at amortised cost	-	-	10,684,809	10,684,809	10,684,809
Risk management instruments	17,263	-	-	17,263	17,263
	<b>80,659</b>	<b>1,099,361</b>	<b>36,448,453</b>	<b>37,628,473</b>	<b>37,628,473</b>
Due to banks	-	-	8,517,275	8,517,275	8,517,275
Customer current accounts	-	-	3,144,237	3,144,237	3,144,237
Risk management instruments	30,701	-	-	30,701	30,701
	<b>30,701</b>	<b>-</b>	<b>11,661,512</b>	<b>11,692,213</b>	<b>11,692,213</b>
Equity of investment account holders	-	-	20,099,723	20,099,723	20,099,723
	<b>30,701</b>	<b>-</b>	<b>31,761,235</b>	<b>31,791,936</b>	<b>31,791,936</b>



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '00

**6. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)**

The table below sets out the carrying amounts and fair values of the Group's financial assets and financial liabilities:

	Fair value through statement of income	Fair value through equity	Amortised cost	Total carrying amount	Fair value
31 December 2014 (Audited)					
Cash and balances with central banks	-	-	1,265,210	1,265,210	1,265,210
Due from banks	-	-	2,107,985	2,107,985	2,107,985
Financing assets	-	-	23,045,757	23,045,757	23,045,757
Investment securities:					
- Carried at fair value	93,875	1,031,788	-	1,125,663	1,125,663
- Carried at amortised cost	-	-	8,910,469	8,910,469	8,914,296
Risk management instruments	14,325	-	-	14,325	14,325
	108,200	1,031,788	35,329,421	36,469,409	36,473,236
Due to banks	-	-	8,982,279	8,982,279	8,982,279
Customer current accounts	-	-	1,628,841	1,628,841	1,628,841
Risk management instruments	28,566	-	-	28,566	28,566
	28,566	-	10,611,120	10,639,686	10,639,686
Equity of investment account holders	-	-	20,229,556	20,229,556	20,229,556
	28,566	-	30,840,676	30,869,242	30,869,242

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '000s

**6. FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)**

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

In thousands	Level 1	Level 2	Level 3	Total
<b>30 September 2015 (Reviewed)</b>				
Risk management instruments (assets)	-	-	17,263	17,263
Investment securities carried at fair value	741,421	-	421,336	1,162,757
	<u>741,421</u>	<u>-</u>	<u>438,599</u>	<u>1,180,020</u>
Risk management instruments (liabilities)	-	-	30,701	30,701
	<u>-</u>	<u>-</u>	<u>30,701</u>	<u>30,701</u>
<b>31 December 2014 (Audited)</b>				
Risk management instruments (assets)	-	-	14,325	14,325
Investment securities carried at fair value	722,136	-	403,527	1,125,663
	<u>722,136</u>	<u>-</u>	<u>417,852</u>	<u>1,139,988</u>
Risk management instruments (liabilities)	-	-	28,566	28,566
	<u>-</u>	<u>-</u>	<u>28,566</u>	<u>28,566</u>

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- in classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policies.
- in designating financial assets or liabilities at fair value through Statement of Income, the Group has determined that it has met one of the criteria for this designation set out in accounting policies.

For the purpose of disclosure of fair value of financial assets and liabilities which are carried at amortised cost, the level 2 valuation method has been used except for the impaired financing assets for which level 3 valuation method has been used and quoted investment securities for which level 1 valuation method has been used.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '000s

**7. CASH AND BALANCES WITH QATAR CENTRAL BANK**

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
Cash	166,035	175,860
Cash reserve with QCB*	1,044,889	1,007,594
Other balances with QCB	36,662	81,756
	<u>1,247,586</u>	<u>1,265,210</u>

\*The cash reserve with QCB is not available for use in the Group's day to day operations.

**8. DUE FROM BANKS**

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
Current accounts	209,129	362,860
Wakala placements with banks	808,413	593,566
Mudaraba placements	48,842	183,714
Commodity murabaha receivable	908,248	967,845
	<u>1,974,632</u>	<u>2,107,985</u>

**9. FINANCING ASSETS****(a) By type**

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
Murabaha	3,902,662	4,124,716
Murabaha commodity	12,792,976	12,341,927
Musawama	2,479,836	2,894,168
Istisna'a	771,935	945,687
Ijarah Muntahia Bittamleek	3,729,784	3,966,100
Cards	50,711	37,180
Others	4,259	46,185
Total financing assets	<u>23,732,163</u>	<u>24,355,963</u>
Less: Deferred profit	(807,893)	(908,741)
Provision for impairment on financing assets – Specific	(347,606)	(364,225)
Provision for impairment on financing assets – Collective	(2,500)	(2,500)
Suspended profit related to non-performing financing assets	(32,738)	(34,740)
Net financing assets	<u>22,541,426</u>	<u>23,045,757</u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2015

QAR '000s

## 9. FINANCING ASSETS (CONTINUED)

(b) Movement in the provision for impairment – specific on financing assets:

	2015 (Reviewed)	2014 (Reviewed)
Balance at 1 January	364,225	309,696
Provisions made during the period	16,256	30,522
Recoveries during the period	(27,174)	(53,389)
	(10,918)	(22,867)
Written off during the period	(5,701)	(442)
<b>Balance for the period ended 30 September</b>	<b>347,606</b>	<b>286,387</b>

## 10. INVESTMENT SECURITIES

	30 September 2015 (Reviewed)			31 December 2014 (Audited)		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<i>Investments classified as fair value through statement of income</i>						
- Investments classified as held for trading:						
• equity-type investments	63,396	-	63,396	93,875	-	93,875
	63,396	-	63,396	93,875	-	93,875
<i>Debt-type investments classified at amortised cost</i>						
- Fixed rate*	2,317,581	8,245,238	10,562,819	2,276,378	6,512,101	8,788,479
- Floating rate	121,990	-	121,990	121,990	-	121,990
	2,439,571	8,245,238	10,684,809	2,398,368	6,512,101	8,910,469
<i>Equity-type investments classified as fair value through equity</i>						
	678,025	421,336	1,099,361	628,261	403,527	1,031,788
	3,180,992	8,666,574	11,847,566	3,120,504	6,915,628	10,036,132

\* Investments in unquoted debt-type instruments classified at amortised cost represent investments in the Qatar Government and other sovereign securities.

The cumulative change in fair value reserve of investments, during the period is as follows:

	2015 (Reviewed)	2014 (Reviewed)
Balance at 1 January	(129)	23,850
Net change in fair value	(26,360)	(1,125)
Net impairment transferred to income statement	8,105	-
Share of associates and joint ventures fair value changes	-	(1,837)
	(18,255)	(2,962)
<b>Balance for the period ended 30 September</b>	<b>(18,384)</b>	<b>20,888</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '000s

**11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES**

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
Balance at 1 January	266,185	255,581
Share of results	(2,014)	15,911
Addition during the period	51,030	-
Dividend received during the period / year	(1,480)	(2,126)
Share of associates and joint ventures fair value changes	-	(3,617)
Share of associates and joint ventures currency translation reserve	-	134
Other movements	8	302
	<b>313,729</b>	<b>266,185</b>

**12. DUE TO BANKS**

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
Current accounts	4	4
Commodity Murabaha payable*	1,661,202	1,660,587
Wakala payable	6,856,069	7,321,688
	<b>8,517,275</b>	<b>8,982,279</b>

\*This represents amounts held under repurchase agreements.

**13. EQUITY OF INVESTMENT ACCOUNT HOLDERS**

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
Investment account holders balance before share of profit (a)	20,040,327	20,203,596
Distributable profits to investment account holders for the period / year (b)	223,444	267,211
Profit already distributed during the period / year	(162,735)	(239,938)
Profit payable to investment account holders	60,709	27,273
Share in fair value reserve	(1,313)	(1,313)
<b>Total investment account holders balance</b>	<b>20,099,723</b>	<b>20,229,556</b>
<i>By type:</i>		
Saving accounts	2,393,143	1,574,986
Call accounts	613,483	454,126
Term accounts	17,033,701	18,174,484
<b>Total (a)</b>	<b>20,040,327</b>	<b>20,203,596</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '000s

**13. EQUITY OF INVESTMENT ACCOUNT HOLDERS (CONTINUED)**

	<b>For the nine month period ended</b>	
	<b>30 September</b>	<b>30 September</b>
	<b>2015</b>	<b>2014</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<i>Net return breakup:</i>		
Saving accounts	25,372	20,426
Call accounts	2,258	2,042
Term accounts - 1 month	74,921	80,351
Term accounts - 3 month	30,771	57,269
Term accounts - 6 month	43,465	25,010
Term accounts - 9 month	3,454	515
Term accounts - 12 month	43,203	16,682
<b>Total (b)</b>	<b>223,444</b>	<b>202,295</b>

**14. OWNERS' EQUITY**

**(a) Share capital**

	<b>Ordinary shares</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
<i>In thousands of shares</i>		
<b>In issue at</b>	<b>300,000</b>	<b>300,000</b>

At 30 September 2015, the authorised share capital comprised 400,000 thousand ordinary shares (31 December 2014: 400,000 thousand), having a par value of QAR 10 each share. Out of the authorised capital 300,000 thousand ordinary shares (31 December 2014: 300,000 thousand) are issued and fully paid.

**(b) Legal reserve**

In accordance with Qatar Central Bank regulations and the Memorandum and Articles of Association of the Bank, 20% of net profit attributable to the owners of the Bank for the year is required to be transferred to the reserve until the legal reserve equals 100% of the paid up share capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 11 of 2015 and after QCB approval. As at 31 December 2014, legal reserve balance was QAR 1,951.8 million. No further transfer has been made for the nine month period ended 30 September 2015 as the Bank will transfer the required amount at the year-end. The legal reserve includes the share premium received on issuance of new shares in accordance with Qatar Commercial Companies Law No.11 of 2015.

**(c) Treasury shares**

Treasury shares represent ordinary shares of Barwa Bank with nominal value of QAR 10 each. Treasury shares are presented as a deduction from equity.

**(d) Risk reserve**

In accordance with Qatar Central Bank regulations, a risk reserve should be created to cover contingencies on both the public and private sector financing assets, 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 the specific provisions and profit in



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '000s

**14. OWNERS' EQUITY (CONTINUED)****(e) Other reserves**

In accordance with Qatar Central Bank regulations, income recognised from the share of profit from associates is not available for distribution (except to the extent of dividend received from the associates) and should be transferred to a separate reserve account in Owners' equity. Further, the Bank has set aside QAR 100 million in 2014 (2013: QAR 100 million) as a contingency reserve from retained earnings to protect the Group from any future losses that may arise from any unforeseen events on recommendation of the Board of Directors. As at 31 December 2014, other reserve balance amounted to QAR 328.9 million. No transfer was made for the nine month period ended 30 September 2015 as such transfer is made annually and the Bank will transfer the required amount at year-end.

**(f) Dividend**

The Board of Directors in their meeting held on 3 March 2015 proposed a cash dividend of 10% (2013: Nil) of the paid up share capital amounting to QAR 296.2 million – QAR 1.0 per share (2013: Nil), which was subsequently approved for distribution at the Annual General Meeting of the shareholders of the Bank held on 31 May 2015.

**15. CONTINGENT LIABILITIES AND COMMITMENTS**

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
<b>a) Contingent liabilities</b>		
Unused credit facilities	13,809,018	9,070,515
Guarantees	6,291,552	6,309,815
Letters of credit	2,715,828	3,170,588
	<b>22,816,398</b>	<b>18,550,918</b>
<b>b) Commitments</b>		
Profit rate swaps	1,552,431	2,005,073
Other risk management instruments	1,937,367	1,630,669
	<b>3,489,798</b>	<b>3,635,742</b>

**Unused credit facilities**

Commitments to extend credit represent contractual commitments to make financings and revolving credits. Since commitments may expire without being drawn upon, the total contractual amounts do not necessarily represent future cash requirements.

**Guarantees and Letters of credit**

Guarantees and letters of credit commit the Group to make payments on behalf of customers in the event of a specific event. Guarantees and standby letters of credit carry the same credit risk as financings.

**Lease commitments**

Non-cancellable operating lease rentals payable within one year are QAR 30.0 million (31 December 2014: QAR 28.5 million). The Group leases a number of branches and office premises under operating leases.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '000s

## 16. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the period attributable to the equity holders of the Bank by the weighted average number of ordinary shares in issue during the period.

	For the three month period ended		For the nine month period ended	
	30 September 2015 (Reviewed)	30 September 2014 (Reviewed)	30 September 2015 (Reviewed)	30 September 2014 (Reviewed)
Net profit for the period attributable to the equity holders of the Bank	233,515	220,321	644,225	628,902
Weighted average number of outstanding shares	296,165	296,165	296,165	296,165
<b>Basic and diluted earning per share (QAR)</b>	<b>0.79</b>	<b>0.74</b>	<b>2.18</b>	<b>2.12</b>

The weighted average number of shares have been calculated as follows:

Total number of shares	300,000	300,000	300,000	300,000
Treasury shares	(3,835)	(3,835)	(3,835)	(3,835)
Weighted average number of shares at 30 September	296,165	296,165	296,165	296,165

## 17. RELATED PARTIES

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

The related party transactions and balances included in these interim condensed consolidated financial statements are as follows:

	30 September 2015 (Reviewed)	31 December 2014 (Audited)
Customer financing assets	257,424	325,808
Customer deposits	4,614,571	2,035,256

For the nine month period ended  
30 September 2015 (Reviewed)  
30 September 2014 (Reviewed)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine month period ended 30 September 2015**

QAR '000s

**18. CASH AND CASH EQUIVALENTS**

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

	<b>30 September 2015 (Reviewed)</b>	<b>31 December 2014 (Audited)</b>
Cash and balances with Qatar Central Bank (excluding reserve account with Qatar Central Bank)	<b>202,697</b>	257,616
Due from banks	<b>1,011,761</b>	893,114
	<b><u>1,214,458</u></b>	<b><u>1,150,730</u></b>

**19. COMPARATIVE FIGURES**

The comparative figures presented for the period / year 2014 have been reclassified where necessary to preserve consistency with the period 2015 figures. However, such reclassifications did not have any effect on the consolidated net profit, or the total consolidated equity for the comparative period.