

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 SEPTEMBER 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To The Board of Directors
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 2014, and the related interim consolidated statements of income for the three month and nine months periods ended 30 September 2014, changes in owners' equity and cash flows for the nine months 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 (2) 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.

Other matter

The interim condensed consolidated financial statements for the nine month period ended 30 September 2013 and the consolidated financial statements for the year ended 31 December 2013 were reviewed and audited by another auditor, whose reports dated 30 October 2013 and 17 February 2014 expressed an unmodified review conclusion and an unqualified audit opinion, respectively, on those consolidated financial statements.

Doha – Qatar
10 November 2014

For Deloitte & Touche
Qatar Branch

Muhammad Bahemia
Partner
License No. 103

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	QAR '000s	
	30 September 2014 (Reviewed)	31 December 2013 (Audited)
ASSETS		
Cash and balances with Qatar Central Bank	1,484,046	1,088,794
Due from banks	1,786,654	3,840,100
Financing assets	22,083,348	19,347,121
Investment securities	9,306,850	7,734,221
Investment in associates and joint ventures	255,021	255,581
Investment properties	4,662	40,042
Fixed assets	261,386	134,048
Intangible assets	777,230	777,230
Other assets	655,681	409,739
TOTAL ASSETS	36,614,878	33,626,876
LIABILITIES		
Due to banks	6,849,355	5,820,178
Customer current accounts	1,417,374	1,652,902
Other liabilities	1,255,336	843,167
TOTAL LIABILITIES	9,522,065	8,316,247
EQUITY OF INVESTMENT ACCOUNT HOLDERS	20,711,867	19,577,439
OWNERS' EQUITY		
Share capital	3,000,000	3,000,000
Legal reserve	1,809,483	1,809,483
Treasury shares	(38,349)	(38,349)
Risk reserve	442,494	442,494
Fair value reserve	20,888	23,850
Foreign currency translation reserve	1,682	1,682
Other reserves	215,155	215,155
Retained earnings	864,254	235,352
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	6,315,607	5,689,667
Non-controlling interests	65,339	43,523
TOTAL OWNERS' EQUITY	6,380,946	5,733,190
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY	36,614,878	33,626,876

INTERIM CONSOLIDATED STATEMENT OF INCOME

	QAR '000s			
	For the three month period ended 30 September		For the nine month period ended 30 September	
	2014 (Reviewed)	2013 (Reviewed)	2014 (Reviewed)	2013 (Reviewed)
Net income from financing activities	291,795	237,103	845,258	686,761
Net income from investing activities	101,359	89,714	267,882	287,081
Total net income from financing and investing activities	393,154	326,817	1,113,140	973,842
Fee and commission income	47,283	28,011	108,237	85,827
Fee and commission expense	(2,967)	(2,223)	(7,022)	(5,140)
Net fee and commission income	44,316	25,788	101,215	80,687
Net foreign exchange gain	5,134	4,190	13,609	8,778
Share of results of associates and joint ventures	(5,806)	(119)	2,665	5,491
Other income	18,749	1,112	21,682	8,189
Total income	455,547	357,788	1,252,311	1,076,987
Staff costs	(79,340)	(70,528)	(228,568)	(210,250)
Depreciation and amortization	(11,272)	(12,694)	(31,628)	(38,893)
Other expenses	(51,735)	(46,738)	(136,843)	(142,625)
Finance cost	(11,054)	(16,828)	(34,507)	(48,568)
Total expenses	(153,401)	(146,788)	(431,546)	(440,336)
Net (impairment)/reversal on financing assets	(5,940)	(14,321)	22,867	833
Profit for the period before return to investment account holders	296,206	196,679	843,632	637,484
Return to investment account holders	(66,343)	(53,205)	(202,295)	(190,040)
Net profit for the period	229,863	143,474	641,337	447,444
Net profit for the period attributable to:				
Equity holders of the Bank	9,542	2,382	12,435	5,770
Non-controlling interests	229,863	143,474	641,337	447,444
Profit for the period	0.74	0.48	2.12	1.49
Earnings per share				
Basic and diluted earnings per share (QAR per share)				

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	QAR '000s	
	2014 (Reviewed)	2013 (Reviewed)
Cash flows from operating activities	641,337	447,444
Net profit for the period	641,337	447,444
Adjustments for:		
Impairment loss on financing assets	30,522	28,749
Depreciation and amortization	31,628	38,893
Employees' end of service benefits provision	13,150	13,567
Net gain on sale of investment securities	(56,251)	(46,237)
Dividend income	(23,290)	(20,622)
Share of results of associates and joint ventures	(2,665)	(5,491)
Gain on disposal of investment property	(17,492)	-
Profit before changes in operating assets and liabilities	616,939	456,303
Change in reserve account with Qatar Central Bank	(256,112)	(37,421)
Change in due from banks	767,128	(641,834)
Change in financing assets	(2,766,749)	(1,536,459)
Change in other assets	(245,942)	16,299
Change in due to banks	1,029,177	739,513
Change in customer current accounts	(235,528)	1,187,657
Change in other liabilities	402,428	35,466
Change in equity of investment account holders	1,134,428	983,938
	445,769	1,203,462
Dividends received	23,290	20,622
Employees' end of service benefits paid	(3,409)	(4,284)
Net cash from operating activities	465,650	1,219,800
Cash flows from investing activities		
Acquisition/disposal of investments, net	(1,506,734)	(1,301,721)
Disposal of an investment property	52,872	-
Acquisition of fixed and intangible assets	(158,966)	(13,530)
Net cash used in investing activities	(1,612,828)	(1,315,251)
Net decrease in cash and cash equivalents	(1,147,178)	(95,451)
Cash and cash equivalents at 1 January	2,880,463	805,293
Cash and cash equivalents at 30 September	1,733,285	709,842

These interim condensed consolidated financial statements were approved by the Board of Directors on 10 November 2014 and were signed on its behalf by:

Mohamed Bin Hamad Bin Jassim Al Thani
Chairman

Khalid Al-Subeai
Acting Group Chief
Executive Officer

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the nine month period ended 30 September 2014	QAR '000s										
	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	Non-controlling interests	Total owners' equity
Balance at 1 January 2014 (Audited)	3,000,000	1,809,483	(38,349)	442,494	23,850	1,682	215,155	235,352	5,689,667	43,523	5,733,190
Net profit for the period	-	-	-	-	-	-	-	628,902	628,902	12,435	641,337
Fair value reserve movement	-	-	-	-	(2,962)	-	-	-	(2,962)	-	(2,962)
Total recognised income and expense for the period	-	-	-	-	(2,962)	-	-	628,902	625,940	12,435	638,375
Change in ownership interest	-	-	-	-	-	-	-	-	-	9,381	9,381
Balance at 30 September 2014 (Reviewed)	3,000,000	1,809,483	(38,349)	442,494	20,888	1,682	215,155	864,254	6,315,607	65,339	6,380,946

For the nine month period ended 30 September 2013	QAR '000s										
	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	Non-controlling interests	Total owners' equity
Balance at 1 January 2013 (Audited)	3,000,000	1,710,221	(38,349)	302,215	26,928	-	119,542	74,197	5,194,754	26,890	5,221,644
Net profit for the period	-	-	-	-	-	-	-	441,674	441,674	5,770	447,444
Fair value reserve movement	-	-	-	-	(15,818)	-	-	-	(15,818)	-	(15,818)
Total recognised income and expense for the period	-	-	-	-	(15,818)	-	-	441,674	425,856	5,770	431,626
Change in ownership interest	-	-	-	-	-	-	-	-	-	6,718	6,718
Balance at 30 September 2013 (Reviewed)	3,000,000	1,710,221	(38,349)	302,215	11,110	-	119,542	515,871	5,620,610	39,378	5,659,988