

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 30 SEPTEMBER 2013

### BARWA BANK NET INCOME UP 60% IN THIRD QUARTER 2013

#### Focussed business model and prudent risk management to support growth strategy

Doha – 17 November, 2013 -Barwa Bank, Qatar’s fastest growing Shari’ah compliant banking service provider has announced its financial results for the period ended September 30, 2013.

Net income was QAR 442 mn for the 9 months period ended September 30, 2013, up from QAR 279 mn in the same period of last year, a 60% improvement, year-on-year.

Total income increased by 26% to QAR1.1bn for the 9 months of 2013 compared with QAR 855 mn same period in 2012, with earnings per share rising to QAR 1.49 compared with 94 dirhams for the same period last year.

H.E. Sheikh Mohamad bin Hamad bin Jassim Al Thani, Chairman, Barwa Bank Group commented, “The good financial performance for the 9 months of the year is very encouraging and further builds on the earnings momentum we achieved last year. We look forward to further growth, our continuing contribution to the development of the Qatari economy and Shari’ah compliant financial services, as well as creating value for our customers and shareholders.”

Highlights of the nine month period have been major business wins associated with significant infrastructural projects as well as the highly selective expansion of the Barwa Bank branch network and extended working hours in some branches, offering additional convenience for the Bank’s growing retail customer base.

In the Islamic Capital Markets, Barwa Bank continued to expand its activities in this strategic growth sector. During 2013, Barwa Bank has acted as Joint Lead Manager for Albaraka Turk Bank’s US\$200m Tier 2 Sukuk and as Co-Lead Manager for the Government of Dubai, Emirates Airlines and Dubai Islamic Bank sukuk issuances.

The growth in net income and earnings per share comes as a result of the prudent risk management and the well-defined business model at the heart of the bank’s growth strategy.

Steve Troop, CEO, Barwa Bank added, “By identifying and focusing on strategic growth sectors, crafting niche propositions for our customers and keeping a close eye on costs, we continue to achieve good financial results and value for our shareholders. We will continue to improve and enhance this business model to achieve better results in the months and years ahead”.

### INDEPENDENT AUDITORS’ REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BARWA BANK Q.S.C.

#### Introduction

We have reviewed the accompanying 30 September 2013 condensed consolidated interim financial information of Barwa Bank Q.S.C. (“the Bank”) and its subsidiaries (together referred to as “the Group”), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2013;
- the condensed consolidated income statement for the three month and nine month periods ended 30 September 2013;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2013;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2013; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

#### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of 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 Auditing Standards for Islamic Financial Institutions 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 30 September 2013 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards issued by AAOIFI and the applicable provisions of Qatar Central Bank regulations.

30 October 2013  
Doha  
State of Qatar

Gopal Balasubramaniam  
KPMG  
Qatar Auditor’s Registry No. 251

## CONDENSED CONSOLIDATED INCOME STATEMENT

	For the three month period ended 30 September		For the nine month period ended 30 September	
	2013 (Reviewed)	2012 (Reviewed)	2013 (Reviewed)	2012 (Reviewed)
Net income from financing activities	237,103	196,925	686,761	541,096
Net income from investing activities	89,714	73,235	287,081	201,907
<b>Total net income from financing and investing activities</b>	<b>326,817</b>	<b>270,160</b>	<b>973,842</b>	<b>743,003</b>
Fee and commission income	28,011	33,990	85,827	80,466
Fee and commission expense	(2,223)	(1,016)	(5,140)	(4,694)
<b>Net fee and commission income</b>	<b>25,788</b>	<b>32,974</b>	<b>80,687</b>	<b>75,772</b>
Net foreign exchange gain	4,190	2,921	8,778	11,429
Share of results of associates	(119)	5,537	5,491	22,052
Other income	1,112	1,015	8,189	3,058
<b>Total income</b>	<b>357,788</b>	<b>312,607</b>	<b>1,076,987</b>	<b>855,314</b>
Staff costs	(70,528)	(55,671)	(210,250)	(162,352)
Depreciation and amortization	(12,694)	(12,143)	(38,893)	(35,836)
Other expenses	(46,738)	(30,820)	(142,625)	(116,047)
Finance cost	(16,828)	(18,329)	(48,568)	(38,539)
<b>Total expenses</b>	<b>(146,788)</b>	<b>(116,963)</b>	<b>(440,336)</b>	<b>(352,774)</b>
Impairment loss on investments carried at fair value through equity	-	(211)	-	(24,249)
Net impairment reversal / (loss) on financing assets	(14,321)	(10,333)	833	(29,771)
<b>Profit for the period before return to investment account holders</b>	<b>196,679</b>	<b>185,100</b>	<b>637,484</b>	<b>448,520</b>
Return to investment account holders, net	(53,205)	(68,768)	(190,040)	(169,334)
<b>Net profit for the period</b>	<b>143,474</b>	<b>116,332</b>	<b>447,444</b>	<b>279,186</b>
<b>Net profit for the period attributable to:</b>				
Equity holders of the Bank	141,092	116,334	441,674	279,219
Non-controlling interests	2,382	(2)	5,770	(33)
<b>Profit for the period</b>	<b>143,474</b>	<b>116,332</b>	<b>447,444</b>	<b>279,186</b>
<b>Earnings per share</b>				
Basic and diluted earnings per share (QAR per share)	0.48	0.39	1.49	0.94



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	QR' 000s	
	30 Sep 2013 (Reviewed)	31 Dec 2012 (Audited)
<b>ASSETS</b>		
Cash and balances with Qatar Central Bank	928,713	853,747
Due from banks	1,535,229	1,026,391
Financing assets	16,839,445	15,331,735
Investment securities	7,951,409	6,652,339
Investment in associates and joint ventures	239,490	194,429
Investment property	40,042	39,824
Fixed assets	112,434	110,134
Intangible assets	780,277	807,940
Other assets	226,983	243,282
<b>TOTAL ASSETS</b>	<b>28,654,022</b>	<b>25,259,821</b>
<b>LIABILITIES</b>		
Due to banks	5,472,816	4,733,303
Customer current accounts	1,969,891	782,234
Other liabilities	504,292	459,543
<b>TOTAL LIABILITIES</b>	<b>7,946,999</b>	<b>5,975,080</b>
<b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>	<b>15,047,035</b>	<b>14,063,097</b>
<b>OWNERS' EQUITY</b>		
Share capital	3,000,000	3,000,000
Legal reserve	1,710,221	1,710,221
Treasury shares	(38,349)	(38,349)
Risk reserve	302,215	302,215
Fair value reserve	11,110	26,928
Other reserve	119,542	119,542
Retained earnings	515,871	74,197
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>	<b>5,620,610</b>	<b>5,194,754</b>
Non-controlling interests	39,378	26,890
<b>TOTAL OWNERS' EQUITY</b>	<b>5,659,988</b>	<b>5,221,644</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b>	<b>28,654,022</b>	<b>25,259,821</b>

This condensed consolidated interim financial information was approved by the Board of Directors on 30 October 2013 and was signed on its behalf by:

Mohammed Bin Hamad Bin Jassim Al Thani  
Chairman

Steven Troop  
Chief Executive Officer

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the nine month period ended 30 September	
	2013 (Reviewed)	2012 (Reviewed)
<b>Cash flows from operating activities</b>		
Net profit for the period	447,444	279,186
Adjustments for:		
Impairment loss on financing assets	28,749	59,561
Impairment loss on investments carried at fair value through equity	-	24,249
Depreciation and amortization	38,893	35,836
End of service benefits provision	13,567	8,070
Net gain on sale of investment securities	(46,237)	(10,021)
Dividend income	(20,622)	(2,925)
Share of results of associates	(5,491)	(22,052)
Profit before changes in operating assets and liabilities	456,303	371,904
Change in reserve account with Qatar Central Bank	(37,421)	(259,524)
Change in due from banks	(641,834)	256,327
Change in financing assets	(1,536,459)	(4,655,429)
Change in other assets	16,299	636,652
Change in due to banks	739,513	(417,595)
Change in customer current accounts	1,187,657	(215,314)
Change in equity of investment account holders	983,938	3,932,942
Change in other liabilities	35,466	(193,854)
	1,203,462	(543,891)
Dividends received	20,622	2,925
End of service benefits paid	(4,284)	(2,955)
<b>Net cash from / (used in) operating activities</b>	<b>1,219,800</b>	<b>(543,921)</b>
<b>Cash flows from investing activities</b>		
Acquisition of investments	(1,301,721)	(889,843)
Acquisition of fixed and intangible assets	(13,530)	(12,978)
<b>Net cash used in investing activities</b>	<b>(1,315,251)</b>	<b>(902,821)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(95,451)</b>	<b>(1,446,742)</b>
Cash and cash equivalents at 1 January	805,293	2,199,167
<b>Cash and cash equivalents at 30 September</b>	<b>709,842</b>	<b>752,425</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	QR' 000s											
	For the nine month period ended 30 September 2013										Total owners' equity	
	Share capital	Subscription for rights issue	Legal reserve	Treasury shares	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total owners' equity
Balance at 1 January 2013	3,000,000	-	1,710,221	(38,349)	302,215	26,928	-	119,542	74,197	5,194,754	26,890	5,221,644
Fair value reserve movement	-	-	-	-	-	(15,818)	-	-	-	(15,818)	-	(15,818)
Profit for the period	-	-	-	-	-	-	-	-	441,674	441,674	5,770	447,444
<b>Total recognised income and expense for the period</b>	-	-	-	-	-	(15,818)	-	-	441,674	425,856	5,770	431,626
Change in ownership interest	-	-	-	-	-	-	-	-	-	-	6,718	6,718
<b>Balance at 30 September 2013 (Reviewed)</b>	<b>3,000,000</b>	<b>-</b>	<b>1,710,221</b>	<b>(38,349)</b>	<b>302,215</b>	<b>11,110</b>	<b>-</b>	<b>119,542</b>	<b>515,871</b>	<b>5,620,610</b>	<b>39,378</b>	<b>5,659,988</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

	QR' 000s											
	For the nine month period ended 30 September 2012										Total owners' equity	
	Share capital	Subscription for rights issue	Legal reserve	Treasury shares	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total owners' equity
Balance at 1 January 2012	1,908,691	1,746,094	986,417	(38,349)	125,657	19,573	764	94,042	181	4,843,070	203	4,843,273
Fair value reserve movement	-	-	-	-	-	5,078	-	-	-	5,078	-	5,078
Profit for the period	-	-	-	-	-	-	-	-	279,219	279,219	(33)	279,186
<b>Total recognised income and expense for the period</b>	-	-	-	-	-	5,078	-	-	279,219	284,297	(33)	284,264
Transfer from subscriptions for rights issue on allotment	1,091,309	(1,746,094)	654,785	-	-	-	-	-	-	-	-	-
<b>Balance at 30 September 2012 (Reviewed)</b>	<b>3,000,000</b>	<b>-</b>	<b>1,641,202</b>	<b>(38,349)</b>	<b>125,657</b>	<b>24,651</b>	<b>764</b>	<b>94,042</b>	<b>279,400</b>	<b>5,127,367</b>	<b>170</b>	<b>5,127,537</b>