

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

AS AT AND FOR THE THREE PERIOD ENDED 31 MARCH 2013



بنك بروة  
BARWA BANK

800 8555 - BARWABANK.COM

## 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 31 March 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 31 March 2013; the condensed consolidated income statement for the three month period ended 31 March 2013; the condensed consolidated statement of changes in equity for the three month period ended 31 March 2013; the condensed consolidated statement of cash flows for the three month period ended 31 March 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 31 March 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.

15 April 2013  
Doha  
State of Qatar

Gopal Balasubramaniam  
KPMG  
Auditor's Registration No. 251

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | 31 March 2013     | 31 December 2012  |
|---|-------------------|-------------------|
|   | (Reviewed)        | (Audited)         |
| <b>ASSETS</b>   |                   |                   |
| Cash and balances with Qatar Central Bank   | 2,532,303         | 853,747           |
| Due from banks  | 940,369           | 1,026,391         |
| Financing assets  | 16,067,843        | 15,331,735        |
| Investment securities   | 7,603,696         | 6,652,339         |
| Investment in associates  | 198,524           | 194,429           |
| Investment property   | 39,824            | 39,824            |
| Fixed assets  | 105,971           | 110,134           |
| Intangible assets   | 806,500           | 807,940           |
| Other assets  | 202,956           | 243,282           |
| <b>TOTAL ASSETS</b>   | <b>28,497,986</b> | <b>25,259,821</b> |
| <b>LIABILITIES</b>  |                   |                   |
| Due to banks  | 4,698,133         | 4,733,303         |
| Customer current accounts   | 1,526,682         | 782,234           |
| Other liabilities   | 511,019           | 459,543           |
| <b>TOTAL LIABILITIES</b>  | <b>6,735,834</b>  | <b>5,975,080</b>  |
| <b>EQUITY OF INVESTMENT ACCOUNT HOLDERS</b>                                       | <b>16,385,381</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  | 23,883            | 26,928            |
| Other reserve   | 119,542           | 119,542           |
| Retained earnings   | 229,680           | 74,197            |
| <b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK</b>                    | <b>5,347,192</b>  | <b>5,194,754</b>  |
| Non-controlling interests   | 29,579            | 26,890            |
| <b>TOTAL OWNERS' EQUITY</b>   | <b>5,376,771</b>  | <b>5,221,644</b>  |
| <b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY</b> | <b>28,497,986</b> | <b>25,259,821</b> |

This condensed consolidated interim financial information was approved by the Board of Directors on 15 April 2013 and was signed on its behalf by:

Mohammed Bin Hamad Bin Jassim Al Thani  
Chairman

Steven Troop  
Chief Executive Officer

## CONDENSED CONSOLIDATED INCOME STATEMENT

|  | QR' 000s         |                  |
|--|------------------|------------------|
|  | 2013             | 2012             |
|  | (Reviewed)       | (Reviewed)       |
| Net income from financing activities                                     | 221,656          | 151,249          |
| Net income from investing activities                                     | 103,489          | 69,674           |
| <b>Total net income from financing and investing activities</b>          | <b>325,145</b>   | <b>220,923</b>   |
| Fee and commission income  | 30,047           | 26,808           |
| Fee and commission expense   | (1,049)          | (1,494)          |
| <b>Net fee and commission income</b>                                     | <b>28,998</b>    | <b>25,314</b>    |
| Net foreign exchange gain  | 84               | 5,628            |
| Share of results of associates   | 4,018            | 13,255           |
| Other income   | 5,876            | 1,655            |
| <b>Total income</b>  | <b>364,121</b>   | <b>266,775</b>   |
| Staff costs  | (68,190)         | (53,154)         |
| Depreciation and amortization  | (21,349)         | (9,429)          |
| Other expenses   | (40,151)         | (39,662)         |
| Finance cost   | (15,849)         | (9,040)          |
| <b>Total expenses</b>  | <b>(145,539)</b> | <b>(111,285)</b> |
| Net impairment reversal / (loss) on financing assets                     | 9,293            | (8,578)          |
| <b>Profit for the period before return to investment account holders</b> | <b>227,875</b>   | <b>146,912</b>   |
| Return to investment account holders, net                                | (71,148)         | (44,521)         |
| <b>Net profit for the period</b>   | <b>156,727</b>   | <b>102,391</b>   |
| <b>Net profit for the period attributable to:</b>                        |                  |                  |
| Equity holders of the Bank   | 155,483          | 102,394          |
| Non-controlling interests  | 1,244            | (3)              |
| <b>Profit for the period</b>   | <b>156,727</b>   | <b>102,391</b>   |
| <b>Earnings per share</b>  |                  |                  |
| Basic and diluted earnings per share (QAR per share)                     | 0.52             | 0.35             |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | QR' 000s         |                    |
|---|------------------|--------------------|
|   | 2013             | 2012               |
|   | (Reviewed)       | (Reviewed)         |
| <b>Cash flows from operating activities</b>                   |                  |                    |
| Net profit for the period:                                    | 156,727          | 102,391            |
| Adjustments for:  |                  |                    |
| Impairment loss on financing assets                           | 4,265            | 18,923             |
| Depreciation and amortisation                                 | 21,349           | 9,429              |
| End of service benefits provision                             | 3,822            | 2,833              |
| Net gain on sale of investment securities                     | (28,352)         | (2,275)            |
| Dividend income   | (6,619)          | (1,371)            |
| Share of results of associates                                | (4,018)          | (13,255)           |
| Profit before changes in operating assets and liabilities     | 147,174          | 116,675            |
| Change in reserve account with Qatar Central Bank             | (82,076)         | (124,353)          |
| Change in due from banks                                      | (32,495)         | (562,401)          |
| Change in financing assets                                    | (740,373)        | (1,406,129)        |
| Change in other assets  | 40,326           | 666,331            |
| Change in due to banks  | (35,170)         | (1,362,832)        |
| Change in customer current accounts                           | 744,448          | (514,677)          |
| Change in other liabilities                                   | 49,124           | (235,526)          |
|   | 90,958           | (3,422,912)        |
| Dividends received  | 6,619            | 1,371              |
| End of service benefits paid                                  | (1,470)          | (747)              |
| <b>Net cash from / (used in) operating activities</b>         | <b>96,107</b>    | <b>(3,422,288)</b> |
| <b>Cash flows from investing activities</b>                   |                  |                    |
| Acquisition of investment securities                          | (924,682)        | (183,109)          |
| Acquisition of fixed and intangible assets                    | (15,746)         | (976)              |
| <b>Net cash used in investing activities</b>                  | <b>(940,428)</b> | <b>(184,085)</b>   |
| <b>Cash flows from financing activities</b>                   |                  |                    |
| Change in equity of investment account holders                | 2,322,284        | 2,947,621          |
| <b>Net cash from financing activities</b>                     | <b>2,322,284</b> | <b>2,947,621</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>1,477,963</b> | <b>(658,752)</b>   |
| Cash and cash equivalents at 1 January                        | 805,293          | 2,199,167          |
| <b>Cash and cash equivalents at 31 March</b>                  | <b>2,283,256</b> | <b>1,540,415</b>   |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

|   | QR' 000s         |                               |                  |                 |                |                     |                                      |                |                   |   |                           |                      |
|---|------------------|-------------------------------|------------------|-----------------|----------------|---------------------|--------------------------------------|----------------|-------------------|---|---------------------------|----------------------|
| For the three month period ended 31 March 2013            | 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                               | -                | -                             | -                | -               | -              | (3,045)             | -                                    | -              | -                 | (3,045)   | -                         | (3,045)              |
| Profit for the period                                     | -                | -                             | -                | -               | -              | -                   | -                                    | -              | 155,483           | 155,483   | 1,244                     | 156,727              |
| <b>Total recognised income and expense for the period</b> | -                | -                             | -                | -               | -              | (3,045)             | -                                    | -              | 155,483           | 152,438   | 1,244                     | 153,682              |
| Change in ownership interest                              | -                | -                             | -                | -               | -              | -                   | -                                    | -              | -                 | -   | 1,445                     | 1,445                |
| <b>Balance at 31 March 2013 (Reviewed)</b>                | <b>3,000,000</b> | <b>-</b>                      | <b>1,710,221</b> | <b>(38,349)</b> | <b>302,215</b> | <b>23,883</b>       | <b>-</b>                             | <b>119,542</b> | <b>229,680</b>    | <b>5,347,192</b>  | <b>29,579</b>             | <b>5,376,771</b>     |
| For the three month period ended 31 March 2012            | Share capital    | Subscription for rights issue | 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 | 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                               | -                | -                             | -                | -               | -              | 707                 | -                                    | -              | -                 | 707   | -                         | 707                  |
| Profit for the period                                     | -                | -                             | -                | -               | -              | -                   | -                                    | -              | 102,394           | 102,394   | (3)                       | 102,391              |
| <b>Total recognised income and expense for the period</b> | <b>-</b>         | <b>-</b>                      | <b>-</b>         | <b>-</b>        | <b>-</b>       | <b>707</b>          | <b>-</b>                             | <b>-</b>       | <b>102,394</b>    | <b>103,101</b>  | <b>(3)</b>                | <b>103,098</b>       |
| Transfer from subscriptions for rights issue on allotment | 1,091,309        | (1,746,094)                   | 654,785          | -               | -              | -                   | -                                    | -              | -                 | -   | -                         | -                    |
| <b>Balance at 31 March 2012 (Reviewed)</b>                | <b>3,000,000</b> | <b>-</b>                      | <b>1,641,202</b> | <b>(38,349)</b> | <b>125,657</b> | <b>20,280</b>       | <b>764</b>                           | <b>94,042</b>  | <b>102,575</b>    | <b>4,946,171</b>  | <b>200</b>                | <b>4,946,371</b>     |