

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

BARWA BANK Q.S.C.

**FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2016**

BARWA BANK Q.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2016

CONTENTS	PAGE
Independent auditors' review report	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of changes in owners' equity	4-5
Interim condensed consolidated statement of cash flows	6
Interim condensed consolidated statement of restricted investment accounts	7
Notes to the interim condensed consolidated financial statements	8-22

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 condensed consolidated statement of financial position as at 31 March 2016, and the related interim condensed consolidated statements of income, changes in owners’ equity, cash flows and changes in restricted investment accounts for the three 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.

**For Deloitte & Touche
Qatar Branch**

**Doha – Qatar
22 May 2016**

**Walid Slim
Partner
License No. 319**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**QAR '000s**

		31 March 2016	31 December 2015
	Notes	(Reviewed)	(Audited)
ASSETS			
Cash and balances with Qatar Central Bank	7	1,383,439	1,396,946
Due from banks	8	4,300,906	2,403,836
Financing assets	9	29,542,934	28,497,638
Investment securities	10	9,888,156	11,219,306
Investment in associates and joint ventures	11	303,048	299,717
Investment properties		4,662	4,662
Fixed assets		260,657	267,730
Intangible assets		777,230	777,230
Other assets		298,443	334,553
TOTAL ASSETS		<u>46,759,475</u>	<u>45,201,618</u>
LIABILITIES			
Due to banks	12	13,877,885	11,837,255
Customer current accounts		1,814,388	1,749,029
Other liabilities		1,034,103	1,074,687
TOTAL LIABILITIES		<u>16,726,376</u>	<u>14,660,971</u>
EQUITY OF INVESTMENT ACCOUNT HOLDERS	13	<u>23,034,721</u>	<u>23,715,779</u>
OWNERS' EQUITY			
Share capital	14(a)	3,000,000	3,000,000
Legal reserve	14(b)	2,097,700	2,097,700
Treasury shares	14(c)	(38,349)	(38,349)
Risk reserve	14(d)	616,776	616,776
Fair value reserve	10	7,878	(15,430)
Foreign currency translation reserve		1,008	1,002
Other reserves	14(e)	426,951	426,951
Cash flow hedge reserve		(17,267)	-
Retained earnings		878,348	705,976
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		<u>6,973,045</u>	6,794,626
Non-controlling interests		25,333	30,242
TOTAL OWNERS' EQUITY		<u>6,998,378</u>	<u>6,824,868</u>
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		<u>46,759,475</u>	<u>45,201,618</u>

These interim condensed consolidated financial statements were approved by the Board of Directors on 22 May 2016 and were signed on its behalf by:

 Mohamed Bin Hamad Bin Jassim Al Thani
Chairman

 Khalid Yousef Al-Subeai
Acting Group Chief Executive Officer

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

QAR '000s

	Notes	For the three month period ended 31 March	
		2016 (Reviewed)	2015 (Reviewed)
Net income from financing activities		330,451	305,228
Net income from investing activities		78,483	85,028
Total net income from financing and investing activities		408,934	390,256
Fee and commission income		31,998	32,975
Fee and commission expense		(2,126)	(2,483)
Net fee and commission income		29,872	30,492
Net foreign exchange gain		2,416	1,188
Share of results of associates and joint ventures	11	1,724	924
Other income		4,615	2,012
Total income		447,561	424,872
Staff costs		(80,909)	(77,624)
Depreciation		(8,205)	(11,425)
Other expenses		(35,178)	(39,899)
Finance cost		(34,727)	(21,676)
Total expenses		(159,019)	(150,624)
Net impairment reversal on financing assets	9(b)	2,190	3,294
Profit for the period before return to investment account holders		290,732	277,542
Return to investment account holders	13	(117,992)	(68,724)
Net profit for the period		172,740	208,818
Net profit for the period attributable to:			
Equity holders of the Bank		172,372	208,618
Non-controlling interests		368	200
Net profit for the period		172,740	208,818
Earnings per share			
Basic and diluted earnings per share (QAR per share)	16	0.58	0.70

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

QAR '000s

For the three month period ended 31 March 2016	Share capital	Legal reserve	Treasury shares	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Cash flow hedge reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total owners' equity
Balance at 1 January 2016 (Audited)	3,000,000	2,097,700	(38,349)	616,776	(15,430)	1,002	426,951	-	705,976	6,794,626	30,242	6,824,868
Net profit for the period	-	-	-	-	-	-	-	-	172,372	172,372	368	172,740
Fair value reserve movement	-	-	-	-	21,218	-	-	-	-	21,218	-	21,218
Share of associates other comprehensive income	-	-	-	-	2,090	6	-	-	-	2,096	-	2,096
Cash flow hedge reserve movement	-	-	-	-	-	-	-	(17,267)	-	(17,267)	-	(17,267)
Total recognised income for the period	-	-	-	-	23,308	6	-	(17,267)	172,372	178,419	368	178,787
Change in ownership interest	-	-	-	-	-	-	-	-	-	-	(5,277)	(5,277)
Balance at 31 March 2016 (Reviewed)	3,000,000	2,097,700	(38,349)	616,776	7,878	1,008	426,951	(17,267)	878,348	6,973,045	25,333	6,998,378

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

QAR '000s

For the three month period ended 31 March 2015	Share capital	Legal reserve	Treasury shares	Risk reserve	Fair value reserve	Foreign currency translation reserve	Other reserves	Cash flow hedge reserve	Retained earnings	Total equity attributable to equity holders of the Bank	Non-controlling interests	Total owners' equity
Balance at 1 January 2015 (Audited)	3,000,000	1,951,750	(38,349)	500,645	(129)	1,816	328,940	-	632,485	6,377,158	48,944	6,426,102
Net profit for the period	-	-	-	-	-	-	-	-	208,618	208,618	200	208,818
Fair value reserve movement	-	-	-	-	(10,845)	-	-	-	-	(10,845)	-	(10,845)
Share of associates other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow hedge reserve movement	-	-	-	-	-	-	-	-	-	-	-	-
Total recognised income for the period	-	-	-	-	(10,845)	-	-	-	208,618	197,773	200	197,973
Change in ownership interest	-	-	-	-	-	-	-	-	-	-	(8,752)	(8,752)
Balance at 31 March 2015 (Reviewed)	3,000,000	1,951,750	(38,349)	500,645	(10,974)	1,816	328,940	-	841,103	6,574,931	40,392	6,615,323

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

QAR '000s

	Notes	For the three month period ended 31 March	
		2016 (Reviewed)	2015 (Reviewed)
Cash flows from operating activities			
Net profit for the period		172,740	208,818
<i>Adjustments for:</i>			
Impairment loss on financing assets	9(b)	10,859	8,428
Depreciation		8,205	11,425
Employees' end of service benefits provision		3,084	2,647
Net gain on sale of investment securities		6,771	(20,891)
Dividend income		(12,067)	(10,989)
Gain on disposal of fixed assets		(64)	-
Share of results of associates and joint ventures	11	(1,724)	(924)
<i>Profit before changes in operating assets and liabilities</i>		<u>187,804</u>	<u>198,514</u>
Change in reserve account with Qatar Central Bank		(484)	41,498
Change in due from banks		(75,986)	430,076
Change in financing assets		(1,056,155)	(2,080,570)
Change in other assets		36,110	(99,719)
Change in due to banks		2,040,630	2,880,797
Change in customer current accounts		65,359	801,687
Change in other liabilities		(57,213)	48,677
		<u>1,140,065</u>	<u>2,220,960</u>
Dividends received		12,067	10,989
Employees' end of service benefits paid		(3,722)	(1,749)
Net cash from operating activities		<u>1,148,410</u>	<u>2,230,200</u>
Cash flows from investing activities			
Disposal/(acquisition) of investments		1,340,809	(510,820)
Acquisition of fixed assets		(1,068)	(5,382)
Net cash from/(used in) investing activities		<u>1,339,741</u>	<u>(516,202)</u>
Cash flows from financing activities			
Change in unrestricted investment account holders		(681,058)	(1,598,278)
Net cash used in financing activities		<u>(681,058)</u>	<u>(1,598,278)</u>
Net increase in cash and cash equivalents		1,807,093	115,720
Cash and cash equivalents at 1 January		<u>1,749,566</u>	<u>1,150,730</u>
Cash and cash equivalents at 31 March	18	<u>3,556,659</u>	<u>1,266,450</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

QAR '000s

For the three month period ended 31 March 2016

	At 1 January 2016	Movements during the period					At 31 March 2016
	Total value	Investment / (withdrawal)	Revaluation	Gross Income	Dividends paid	Group's fee as an agent	Total value
Discretionary portfolio management	198,985	(98,506)	873	358	-	-	101,710
Other restricted wakalas	105,950	-	-	-	-	-	105,950
	304,935	(98,506)	873	358	-	-	207,660

For the three month period ended 31 March 2015

	At 1 January 2015	Movements during the period					At 31 March 2015
	Total value	Investment / (withdrawal)	Revaluation	Gross Income	Dividends paid	Group's fee as an agent	Total value
Discretionary Portfolio Management	253,903	-	(4,684)	3,084	-	(74)	252,229
Other Restricted Wakalas	105,946	-	-	-	-	-	105,946
	359,849	-	(4,684)	3,084	-	(74)	358,175

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

1. REPORTING ENTITY

Barwa Bank (the “Bank”) was incorporated as a Qatari Shareholding in the State of Qatar under Commercial Registration No. 38012 dated 28 January 2008 (the “date of incorporation”). The Bank commenced its activities on 1 February 2009 under Qatar Central Bank (“QCB”) License No. RM/19/2007. 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), and 12.13% by Qatar Holding, strategic and direct investment arm of Qatar Investment Authority being the sovereign wealth fund of the State of Qatar; and remaining shares are 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	
			31 March 2016	31 December 2015
The First Investor Q.P.S.C. (“TFI”)	Qatar	13 December 2009	100%	100%
First Finance Company Q.P.S.C. (“FFC”)	Qatar	12 July 2010	100%	100%
First Leasing Company Q.P.S.C. (“FLC”)	Qatar	13 July 2010	100%	100%
TFI GCC Equity Opportunities Fund	Qatar	31 October 2012	73%	69%

- (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 three month period ended 31 March 2016

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 2015. The results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016.

(b) Basis of measurement

These interim condensed consolidated financial statements have been prepared on 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 2015.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

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 2015.

New standards, amendments and interpretations effective from 1 January 2016

AAOIFI has issued a new accounting standard on investment accounts – Financial Accounting Standard Number 27 (FAS 27): Investment Accounts. The new FAS 27 updates and replaces 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 represent '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.

Adoption of the above standard did not have a significant impact on the interim condensed consolidated financial statements or the amounts reported in the comparative periods.

New standards, amendments and interpretations issued but not yet effective

There are no new accounting standards, amendments and interpretations that are issued but not yet effective.

4. FINANCIAL RISK MANAGEMENT

The Groups' 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 2015.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

QAR '000s

5. OPERATING SEGMENTS (CONTINUED)

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group Management Committee. 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.

Information about operating segments

As at and for the three month period ended 31 March 2016	Corporate banking	Retail banking	Treasury and investments division	Investment banking and asset management	Unallocated	Total
Total income from financing and investing activities	277,018	53,433	76,920	1,563	-	408,934
Net fee and commission income	12,893	6,186	(645)	11,438	-	29,872
Reportable segment net profit	138,413	1,663	25,851	6,813	-	172,740
Reportable segment assets	28,713,330	3,001,735	13,579,498	687,682	777,230	46,759,475
As at and for the three month period ended 31 March 2015	Corporate banking	Retail banking	Treasury and Investments division	Investment banking and asset management	Unallocated	Total
Total income from financing and investing activities	254,802	50,426	84,423	605	-	390,256
Net fee and commission income	13,183	3,542	(1,440)	15,207	-	30,492
Reportable segment profit	157,094	(1,904)	45,860	7,768	-	208,818
Reportable segment assets	25,101,079	2,768,094	11,262,561	611,558	777,230	40,520,522

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2016

QAR '000s

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 value
31 March 2016 (Reviewed)					
Cash and balances with Qatar Central Bank	-	-	1,383,439	1,383,439	1,383,439
Due from banks	-	-	4,300,906	4,300,906	4,300,906
Financing assets	-	-	29,542,934	29,542,934	29,542,934
Investment securities:					
- Carried at fair value	60,706	1,039,355	-	1,100,061	1,100,061
- Carried at amortised cost	-	-	8,788,095	8,788,095	8,772,751
Risk management instruments	17,851	-	-	17,851	17,851
	78,557	1,039,355	44,015,374	45,133,286	45,117,942
Due to banks	-	-	13,877,885	13,877,885	13,877,885
Customer current accounts	-	-	1,814,388	1,814,388	1,814,388
Risk management instruments	41,860	-	-	41,860	41,860
	41,860	-	15,692,273	15,734,133	15,734,133
Equity of investment account holders	-	-	23,034,721	23,034,721	23,034,721
	41,860	-	38,726,994	38,768,854	38,768,854

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2016

QAR '000s

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 2015 (Audited)					
Cash and balances with central banks	-	-	1,396,946	1,396,946	1,396,946
Due from banks	-	-	2,403,836	2,403,836	2,403,836
Financing assets	-	-	28,497,638	28,497,638	28,497,638
Investment securities:					
- Carried at fair value	56,778	1,076,542	-	1,133,320	1,133,320
- Carried at amortised cost	-	-	10,085,986	10,085,986	10,074,648
Risk management instruments	127,473	-	-	127,473	127,473
	<u>184,251</u>	<u>1,076,542</u>	<u>42,384,406</u>	<u>43,645,199</u>	<u>43,633,861</u>
Due to banks	-	-	11,837,255	11,837,255	11,837,255
Customer current accounts	-	-	1,749,029	1,749,029	1,749,029
Risk management instruments	13,324	-	-	13,324	13,324
	<u>13,324</u>	<u>-</u>	<u>13,586,284</u>	<u>13,599,608</u>	<u>13,599,608</u>
Equity of investment account holders	-	-	23,715,779	23,715,779	23,715,779
	<u>13,324</u>	<u>-</u>	<u>37,302,063</u>	<u>37,315,387</u>	<u>37,315,387</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

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:

	Level 1	Level 2	Level 3	Total
In thousands				
31 March 2015 (Reviewed)				
Risk management instruments (assets)	-	-	17,851	17,851
Investment securities carried at fair value	743,361	-	356,700	1,100,061
	<u>743,361</u>	<u>-</u>	<u>374,551</u>	<u>1,117,912</u>
Risk management instruments (liabilities)	-	-	41,860	41,860
	<u>-</u>	<u>-</u>	<u>41,860</u>	<u>41,860</u>
31 December 2014 (Audited)				
Risk management instruments (assets)	-	-	127,473	127,473
Investment securities carried at fair value	759,105	-	374,215	1,133,320
	<u>759,105</u>	<u>-</u>	<u>501,688</u>	<u>1,260,793</u>
Risk management instruments (liabilities)	-	-	13,324	13,324
	<u>-</u>	<u>-</u>	<u>13,324</u>	<u>13,324</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 three month period ended 31 March 2016

QAR '000s

7. CASH AND BALANCES WITH QATAR CENTRAL BANK

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Cash	173,403	152,938
Cash reserve with QCB*	1,198,791	1,198,307
Other balances with QCB	11,245	45,701
	<u>1,383,439</u>	<u>1,396,946</u>

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

8. DUE FROM BANKS

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Current accounts	87,372	1,065,770
Wakala placements with banks	2,822,167	350,676
Mudaraba placements	462,472	134,481
Commodity murabaha receivable	928,895	852,909
	<u>4,300,906</u>	<u>2,403,836</u>

9. FINANCING ASSETS

(a) By type

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Murabaha	4,301,410	3,617,995
Murabaha commodity	17,160,358	18,233,095
Musawama	2,199,171	2,210,988
Istisna'a	332,918	868,795
Ijarah Muntahia Bittamleek	6,909,301	4,896,103
Cards	54,203	41,430
Acceptances	336,117	448,666
Others	4,018	4,444
Total financing assets	<u>31,297,496</u>	<u>30,321,516</u>
Less: Deferred profit	1,343,353	1,409,839
Provision for impairment on financing assets – Specific	354,069	356,259
Provision for impairment on financing assets – Collective	26,095	26,095
Suspended profit related to non-performing financing assets	31,045	31,685
Net financing assets	<u>29,542,934</u>	<u>28,497,638</u>

The total non-performing financing assets at 31 March 2016 amounted to QAR 403 million, representing 1.4% of the net financing assets (31 December 2015: QAR 401 million, representing 1.4%).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2016

QAR '000s

9. FINANCING ASSETS (CONTINUED)

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

	2016 (Reviewed)	2015 (Reviewed)
Balance at 1 January	356,259	364,225
Provisions made during the period	10,859	8,428
Recoveries during the period	(13,049)	(11,722)
	(2,190)	(3,294)
Written off during the period	-	(5,273)
Balance for the three month period ended 31 March	354,069	355,658

10. INVESTMENT SECURITIES

	31 March 2016 (Reviewed)			31 December 2015 (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	23,335	-	23,335	10,910	-	10,910
• debt-type investments	37,371	-	37,371	45,868	-	45,868
	<u>60,706</u>	-	<u>60,706</u>	56,778	-	56,778
<i>Debt-type investments classified at amortised cost</i>						
- Fixed rate*	2,286,527	6,379,578	8,666,105	2,520,193	7,443,803	9,963,996
- Floating rate	121,990	-	121,990	121,990	-	121,990
	<u>2,408,517</u>	<u>6,379,578</u>	<u>8,788,095</u>	<u>2,642,183</u>	<u>7,443,803</u>	<u>10,085,986</u>
<i>Equity-type investments classified as fair value through equity</i>	682,655	356,700	1,039,355	702,327	374,215	1,076,542
	<u>3,151,878</u>	<u>6,736,278</u>	<u>9,888,156</u>	<u>3,401,288</u>	<u>7,818,018</u>	<u>11,219,306</u>

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

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

	2016 (Reviewed)	2015 (Reviewed)
Balance at 1 January	(15,430)	(129)
Net change in fair value	21,218	(10,845)
Share of associate's fair value changes	2,090	-
	23,308	(10,845)
Balance at 31 March	7,878	(10,974)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three month period ended 31 March 2016

QAR '000s

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Balance at 1 January	299,717	266,185
Share of results	1,724	(13,133)
Investments acquired during the period / year	-	51,030
Dividend received	(488)	(1,989)
Share of associates and joint venture fair value changes	2,090	(1,691)
Share of associates and joint venture currency translation reserve	6	(814)
Other movements	(1)	129
	303,048	299,717

12. DUE TO BANKS

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Current accounts	4	4
Commodity Murabaha payable*	3,537,086	2,133,382
Wakala payable	10,340,795	9,703,869
	13,877,885	11,837,255

*This includes amounts held under repurchase agreements amounting to QAR 1,497mn (2015: QAR 1,497mn).

13. EQUITY OF INVESTMENT ACCOUNT HOLDERS

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Investment account holders balance before share of profit (a)	22,970,647	23,648,943
Distributable profits to investment account holders for the period / year (b)	117,992	325,837
Profit already distributed during the period / year	(51,947)	(257,030)
Profit payable to investment account holders	66,045	68,807
Share in fair value reserve	(1,971)	(1,971)
Total investment account holders balance	23,034,721	23,715,779
<i>By type:</i>		
Saving accounts	2,531,489	2,471,020
Call accounts	626,068	482,387
Term accounts	19,813,090	20,695,536
Total (a)	22,970,647	23,648,943

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

QAR '000s

13. EQUITY OF INVESTMENT ACCOUNT HOLDERS (CONTINUED)

	For the three month period ended	
	31 March 2016 (Reviewed)	31 March 2015 (Reviewed)
<i>Net return breakup:</i>		
Saving accounts	11,155	6,638
Call accounts	799	731
Term accounts - 1 month	33,691	21,216
Term accounts - 3 month	28,135	12,615
Term accounts - 6 month	14,428	13,793
Term accounts - 9 month	98	59
Term accounts - 12 month	29,686	13,672
Total (b)	117,992	68,724

14. OWNERS' EQUITY

(a) Share capital

<i>In thousands of shares</i>	Ordinary shares	
	31 March 2016 (Reviewed)	31 December 2015 (Audited)
In issue at	300,000	300,000

At 31 March 2016, the authorised share capital comprised 400,000 thousand ordinary shares (31 December 2015: 400,000 thousand), having a par value of QAR 10 each share. Out of this authorised capital 300,000 thousand ordinary shares (31 December 2015: 300,000 thousand) are issued and fully paid.

(b) Legal reserve

In accordance with QCB Law No.13 of 2012 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 and after QCB approval. As at 31 December 2015, legal reserve balance was QAR 2,097.7 million. No further transfer has been made for the three month period ended 31 March 2016 as the Bank transfers 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.

(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 suspense. The finance provided to/or secured by the Ministry of Finance – State of Qatar and finance against cash guarantees are excluded from the gross direct finance. As at 31 December 2015, risk reserve balance was QAR 617.8 million. No further transfer has been made for the three month period ended 31 March 2016 as the Bank transfers the required amount at the year-end.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

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 joint ventures, and should be transferred to a separate reserve account in Owners' equity. Further, the Bank has set aside QAR 100 million in 2015 (2014: 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 2015, other reserve balance was QAR 427.0 million. No further transfer has been made for the three month period ended 31 March 2016 as the Bank transfers the required amount at year-end.

(f) Proposed dividend

The Board of Directors in their meeting held on 4 February 2016 proposed a cash dividend of 10% (2014: 10%) of the paid up share capital amounting to QAR 296.2 million – QAR 1.0 per share (2014: QAR 1.0 per share), which was subsequently approved for distribution at the Annual General Meeting of the shareholders of the Bank held on 25 April 2016.

15. CONTINGENT LIABILITIES AND COMMITMENTS

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
a) Contingent liabilities		
Unused credit facilities	11,967,775	12,404,330
Guarantees	7,282,515	6,699,523
Letters of credit	<u>2,683,488</u>	<u>2,596,110</u>
	<u>21,933,778</u>	<u>21,699,963</u>
b) Commitments		
Profit rate swaps	1,546,399	1,549,185
Other risk management instruments - WAAD	<u>4,998,061</u>	<u>5,012,592</u>
	<u>6,544,460</u>	<u>6,561,777</u>

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 29.1 million (31 December 2015: QAR 29.1 million). The Group leases a number of branches and office premises under operating leases.

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	
	31 March 2016 (Reviewed)	31 March 2015 (Reviewed)
Net profit for the period attributable to the equity holders of the Bank	172,372	208,618
Weighted average number of outstanding shares	296,165	296,165
Basic and diluted earning per share (QAR)	0.58	0.70

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

Total number of shares	300,000	300,000
Treasury shares	(3,835)	(3,835)
Weighted average number of outstanding shares	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:

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Customer financing assets	3,085,609	3,242,693
Customer deposits	4,683,511	5,037,857

	For the three month period ended	
	31 March 2016 (Reviewed)	31 March 2015 (Reviewed)
<i>Compensation of key management personnel</i>		
Salaries and other benefits	12,413	12,282

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended 31 March 2016

QAR '000s

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:

	31 March 2016 (Reviewed)	31 December 2015 (Audited)
Cash and balances with Qatar Central Bank (excluding reserve account with Qatar Central Bank)	184,648	198,639
Due from banks	3,372,011	1,550,927
	<u>3,556,659</u>	<u>1,749,566</u>

19. COMPARATIVE FIGURES

The comparative figures presented for the period/year 2015 have been reclassified where necessary to preserve consistency with the period 2016 figures. However, such reclassifications did not have any effect on the consolidated net profit, or the consolidated total equity for the comparative period.