

MASRAF AL RAYAN (Q.S.C.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2016



INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF MASRAF AL RAYAN (Q.S.C.)



Introduction

We have reviewed the accompanying 30 June 2016 condensed consolidated interim financial statements of Masraf Al Rayan (Q.S.C.) ("the Bank") and its subsidiaries (together referred to as the "Group"), which comprise:

- the condensed consolidated statement of financial position as at 30 June 2016;
- the condensed consolidated income statement for the three and six month periods ended 30 June 2016;
- the condensed consolidated statement of changes in owners' equity for the six month period ended 30 June 2016;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2016; and
- notes to the condensed consolidated interim financial statements.

The Board of Directors of the Bank is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and the applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 statements 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 June 2016 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with Financial Accounting Standards issued by AAOIFI and the applicable provisions of the Qatar Central Bank regulations.

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251

18 July 2016
Doha, State of Qatar

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2016

| | 30 June 2016 QAR '000 (Reviewed) | 31 December 2015 QAR '000 (Audited) | 30 June 2015 QAR '000 (Reviewed) |
|---|---|--|---|
| ASSETS | | | |
| Cash and balances with Qatar Central Bank | 3,042,355 | 2,736,915 | 3,637,543 |
| Due from banks | 5,769,680 | 2,376,269 | 4,833,259 |
| Financing assets | 64,262,670 | 62,566,639 | 59,826,298 |
| Investment securities | 14,071,581 | 14,624,801 | 12,366,096 |
| Investment in associates | 501,162 | 469,052 | 435,265 |
| Fixed assets | 147,405 | 147,482 | 139,126 |
| Other assets | 607,670 | 410,255 | 404,299 |
| TOTAL ASSETS | 88,402,523 | 83,331,413 | 81,641,886 |
| LIABILITIES | | | |
| Due to banks | 17,228,950 | 13,344,591 | 10,211,801 |
| Customer current accounts | 5,697,230 | 6,183,762 | 5,905,167 |
| Other liabilities | 1,633,824 | 2,005,333 | 1,638,954 |
| TOTAL LIABILITIES | 24,560,004 | 21,533,686 | 17,755,922 |
| EQUITY OF INVESTMENT ACCOUNT HOLDERS | 52,073,616 | 49,439,504 | 52,460,572 |
| OWNERS' EQUITY | | | |
| Share capital | 7,500,000 | 7,500,000 | 7,500,000 |
| Legal reserve | 1,447,869 | 1,447,869 | 1,033,195 |
| Risk reserve | 1,136,540 | 1,136,540 | 1,008,646 |
| Fair value reserves | (4,114) | 12,590 | 26,022 |
| Foreign currency translation reserve | (7,469) | (1,479) | 534 |
| Other reserves | 80,468 | 80,468 | 41,165 |
| Retained earnings | 1,606,277 | 1,867,805 | 1,426,472 |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK | 11,759,571 | 12,043,793 | 11,036,034 |
| Non-controlling interest | 9,332 | 314,430 | 389,358 |
| TOTAL OWNERS' EQUITY | 11,768,903 | 12,358,223 | 11,425,392 |
| TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY | 88,402,523 | 83,331,413 | 81,641,886 |

These condensed consolidated interim financial statements were approved by the Board of Directors on 18 July 2016 and were signed on its behalf by:

Dr. Hussain Ali Al Abdulla
Chairman and Managing Director

Adel Mustafawi
Group Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT

For The Three and Six-Month Periods Ended 30 June 2016

| | For The Three-Month Period Ended 30 June | | For The Six-Month Period Ended 30 June | |
|--|---|--------------------------------|---|--------------------------------|
| | 2016 QAR '000 (Reviewed) | 2015 QAR '000 (Reviewed) | 2016 QAR '000 (Reviewed) | 2015 QAR '000 (Reviewed) |
| Net income from financing activities | 645,190 | 568,280 | 1,270,417 | 1,144,421 |
| Net income from investing activities | 129,840 | 160,071 | 264,327 | 284,198 |
| Total net income from financing and investing activities | 775,030 | 728,351 | 1,534,744 | 1,428,619 |
| Fee and commission income | 67,143 | 49,898 | 130,638 | 99,659 |
| Fee and commission expense | (597) | (415) | (869) | (641) |
| Net fee and commission income | 66,546 | 49,483 | 129,769 | 99,018 |
| Net foreign exchange gain | 30,793 | 27,374 | 76,888 | 46,852 |
| Share of results of associates | 25,693 | 5,210 | 44,980 | 16,432 |
| Gain on sale of investment in an associate | 46,535 | 46,535 | 93,071 | 93,071 |
| Other income | 1,537 | 2,753 | 4,244 | 3,669 |
| TOTAL INCOME | 946,134 | 859,706 | 1,883,696 | 1,687,661 |
| Staff costs | (78,925) | (83,674) | (147,523) | (146,212) |
| Depreciation | (3,990) | (3,763) | (7,997) | (7,487) |
| Other expenses | (57,174) | (77,701) | (105,138) | (132,113) |
| Finance expense | (96,889) | (24,806) | (184,347) | (47,544) |
| TOTAL EXPENSES | (236,978) | (189,944) | (445,005) | (333,356) |
| Net recoveries on financing assets | 6,007 | 5 | 11,578 | 5,619 |
| Net impairment losses on investment securities | (867) | - | (1,127) | (30,217) |
| PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS | 714,296 | 669,767 | 1,449,142 | 1,329,707 |
| Less: Return to investment account holders | (208,440) | (157,189) | (397,060) | (302,332) |
| PROFIT FOR THE PERIOD BEFORE TAX | 505,856 | 512,578 | 1,052,082 | 1,027,375 |
| Tax (expense) credit | (270) | (1,246) | (831) | 2,689 |
| NET PROFIT FOR THE PERIOD | 505,586 | 511,332 | 1,051,251 | 1,030,064 |
| Net profit for the period attributable to: | | | | |
| Equity holders of the Bank | 505,446 | 487,576 | 1,050,972 | 998,331 |
| Non-controlling interest | 140 | 23,756 | 279 | 31,733 |
| | 505,586 | 511,332 | 1,051,251 | 1,030,064 |
| BASIC AND DILUTED EARNINGS PER SHARE (QAR) | 0.674 | 0.650 | 1.401 | 1.331 |