

MASRAF AL RAYAN (Q.P.S.C.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2018



INDEPENDENT AUDITOR'S REVIEW REPORT



To
The Board of Directors
Masraf Al Rayan (Q.P.S.C.)
Doha – Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Masraf Al Rayan (Q.P.S.C.) ("the Bank") and its subsidiaries (together referred to as the "Group") comprising the interim consolidated statement of financial position as at 30 June 2018, and the related interim consolidated statements of income for the three month and six month periods ended 30 June 2018, interim statement of changes in equity and interim statement of cash flows for the six month period then ended, and certain explanatory notes. The Board of Directors of the Bank 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.

Other Matter

The consolidated financial statements and interim condensed consolidated financial statements of the Group for the year ended 31 December 2017 and for the six month period ended 30 June 2017, respectively, were audited / reviewed by another auditor who expressed an unmodified audit / review opinion on those statements on 16 January 2018 and 17 July 2017, respectively.

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 2 of the accompanying interim condensed consolidated financial statements and applicable provisions of Qatar Central Bank regulations.

For Deloitte & Touche
 Qatar Branch

Walid Slim
 Partner
 License No. 319
 QFMA Auditor License No. 120156

Doha – Qatar
 July 16, 2018

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2018

	30 June 2018 QAR '000 (Reviewed)	31 December 2017 QAR '000 (Audited)	30 June 2017 QAR '000 (Reviewed)
ASSETS			
Cash and balances with Qatar Central Bank	3,130,206	2,799,819	3,458,885
Due from banks	3,914,658	3,311,900	1,186,572
Financing assets	72,749,947	72,097,080	67,959,477
Investment securities	19,158,334	23,423,469	19,118,416
Investment in associates	531,497	520,287	513,728
Fixed assets	182,880	159,951	151,505
Other assets	780,299	636,466	800,733
TOTAL ASSETS	100,447,821	102,948,972	93,189,316
LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY			
LIABILITIES			
Due to banks	23,229,684	25,123,319	17,789,493
Customer current accounts	6,618,469	6,620,840	6,856,250
Other liabilities	2,059,112	1,904,529	1,790,799
TOTAL LIABILITIES	31,907,265	33,648,688	26,436,542
EQUITY OF INVESTMENT ACCOUNT HOLDERS	56,082,575	55,910,346	54,349,770
EQUITY			
Share capital	7,500,000	7,500,000	7,500,000
Legal reserve	2,065,741	2,065,741	1,862,926
Risk reserve	1,507,567	1,507,567	1,345,733
Fair value reserves	7,900	3,074	(4,845)
Foreign currency translation reserve	(11,060)	(7,519)	(12,074)
Other reserves	113,001	113,001	107,146
Retained earnings	1,078,959	2,009,007	1,421,956
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	12,262,108	13,190,871	12,220,842
Non-controlling interest	195,873	199,067	182,162
TOTAL EQUITY	12,457,981	13,389,938	12,403,004
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND EQUITY	100,447,821	102,948,972	93,189,316

These interim condensed consolidated financial statements were approved by the Board of Directors on 16 July 2018 and were signed on its behalf by:

Dr. Hussain Ali Al Abdulla
 Chairman and Managing Director

Adel Mustafawi
 Group Chief Executive Officer

INTERIM CONSOLIDATED INCOME STATEMENT

For The Three and Six-Month Periods Ended 30 June 2018

	For The Three-Month Period Ended 30 June		For The Six-Month Period Ended 30 June	
	2018 QAR '000 (Reviewed)	2017 QAR '000 (Reviewed)	2018 QAR '000 (Reviewed)	2017 QAR '000 (Reviewed)
Net income from financing activities	870,299	751,058	1,755,714	1,491,341
Net income from investing activities	207,575	200,683	427,697	357,160
Total net income from financing and investing activities	1,077,874	951,741	2,183,411	1,848,501
Fee and commission income	68,610	59,708	136,479	128,118
Fee and commission expense	(1,812)	(755)	(2,914)	(1,364)
Net fee and commission income	66,798	58,953	133,565	126,754
Foreign exchange gain	45,326	34,546	97,269	59,346
Share of results of associates	6,723	782	15,483	21,643
Other income	913	1,354	1,875	4,800
TOTAL INCOME	1,197,634	1,047,376	2,431,603	2,061,044
Staff costs	(94,278)	(84,544)	(184,731)	(166,981)
Depreciation	(3,664)	(4,143)	(7,493)	(9,164)
Other expenses	(70,843)	(60,401)	(137,807)	(114,160)
Finance expense	(190,148)	(93,818)	(397,635)	(179,648)
TOTAL EXPENSES	(358,933)	(242,906)	(727,666)	(469,953)
Net (impairment losses) / reversals on due from banks	(54)	-	195	-
Net (impairment losses) / recoveries and reversals on financing assets	2,706	(986)	(7,895)	(422)
Net impairment losses on investment securities	(1,250)	-	(10,044)	-
Net impairment losses on off balance sheet exposures subject to credit risk	(6,279)	-	(3,619)	-
PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS	833,824	803,484	1,682,574	1,590,669
Less: Return to investment account holders	(295,421)	(290,481)	(608,132)	(564,227)
PROFIT BEFORE TAX FOR THE PERIOD	538,403	513,003	1,074,442	1,026,442
Tax expense	(1,315)	(269)	(3,078)	(594)
NET PROFIT FOR THE PERIOD	537,088	512,734	1,071,364	1,025,848
Net profit for the period attributable to:				
Equity holders of the Bank	534,828	509,634	1,065,893	1,019,886
Non-controlling interest	2,260	3,100	5,471	5,962
	537,088	512,734	1,071,364	1,025,848
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	0.713	0.680	1.421	1.360