CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MASRAF AL RAYAN (Q.S.C.)

AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the three-month period ended 31 March 2013

Contents

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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 31 March 2013 condensed consolidated interim financial statements of Masraf Al Rayan (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 months ended 31 March 2013;
- the condensed consolidated statement of changes in owners' equity for the three months ended 31 March 2013;
- the condensed consolidated statement of cash flows for the three months ended 31 March 2013;
- the condensed consolidated statement of changes in restricted investment for the three months ended 31 March 2013; 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 Qatar Central Bank regulations. Our responsibility is to express a conclusion on this 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 31 March 2013 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 Qatar Central Bank regulations.

22 April 2013
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251

Masraf Al Rayan (Q.S.C.) QAR '000s

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2013

	Notes	*31 March 2013 (Reviewed)*	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
ASSETS				
Cash and balances with Qatar Central Bank		**2,632,173**	2,267,508	3,355,166
Due from banks		**2,182,126**	2,627,154	4,661,318
Financing assets	6	**43,297,504**	42,769,216	35,964,543
Investment securities	7	**12,420,087**	11,961,322	12,044,661
Investment in associates and joint ventures		**1,459,168**	1,449,521	1,431,286
Investment property		**91,250**	91,250	91,250
Fixed assets		**59,643**	62,218	67,515
Other assets		**375,360**	400,196	263,553
TOTAL ASSETS		**62,517,311**	61,628,385	57,879,292
LIABILITIES				
Due to banks	8	**6,781,424**	6,383,877	18,053,987
Customer current accounts		**3,217,729**	2,502,739	2,237,613
Other liabilities		**823,211**	500,828	651,847
TOTAL LIABILITIES		**10,822,364**	9,387,444	20,943,447
EQUITY OF INVESTMENT ACCOUNT HOLDERS	9	**42,299,091**	42,506,876	28,452,845
OWNERS' EQUITY				
Share capital	10	**7,500,000**	7,500,000	7,500,000
Legal reserve	10	**292,292**	292,292	141,871
Risk reserve	10	**787,141**	787,141	450,000
Fair value reserves	10	**8,778**	9,244	9,022
Retained earnings		**657,439**	1,007,314	381,764
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**9,245,650**	9,595,991	8,482,657
Non-controlling interests	11	**150,206**	138,074	343
TOTAL OWNERS' EQUITY		**9,395,856**	9,734,065	8,483,000
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		**62,517,311**	61,628,385	57,879,292

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 April 2013 and were signed on its behalf by:

....
Dr. Hussain Ali Al Abdulla
Chairman and Managing Director

....
Adel Mustafawi
Group Chief Executive Officer

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements

Masraf Al Rayan (Q.S.C.) QAR '000s

CONDENSED CONSOLIDATED INCOME STATEMENT
For the Three-Month Period Ended 31 March 2013

	Notes	*For the Three-Month Period Ended 31 March* 2013 (Reviewed)	2012 (Reviewed)
Net income from financing activities		**442,561**	395,235
Net income from investing activities		**172,750**	156,806
Total net income from financing and investing activities		**615,311**	552,041
Fee and commission income		**32,191**	26,876
Fee and commission expense		**(308)**	(489)
Net fee and commission income		**31,883**	26,387
Net foreign exchange gain		**12,934**	11,063
Share of results of associates and joint ventures		**10,647**	-
Other income		**1,335**	26,104
TOTAL INCOME		**672,110**	615,595
Staff costs		**(54,464)**	(50,301)
Depreciation		**(4,072)**	(4,756)
Other expenses		**(32,036)**	(26,787)
Finance expense		**(19,723)**	(29,126)
TOTAL EXPENSES		**(110,295)**	(110,970)
Net impairment losses on financing assets		**(26,189)**	(24,389)
PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		**535,626**	480,236
Less: Return to investment account holders		**(123,429)**	(126,740)
PROFIT FOR THE PERIOD BEFORE TAX		**412,197**	353,496
Tax expense		**(137)**	-
NET PROFIT FOR THE PERIOD		**412,060**	353,496
Net profit for the period attributable to:			
Equity holders of the Bank		**400,125**	353,496
Non-controlling interests		**11,935**	-
		412,060	353,496
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	13	**0.534**	0.471

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements

Masraf Al Rayan (Q.S.C.) QAR '000s

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
For the Three-Month Period Ended 31 March 2013

	Share capital	*Legal reserve*	*Risk reserve*	*Fair value reserves*	*Retained earnings*	*Total equity attributable to equity holders of the Bank*	*Non-controlling interests*	*Total owners' equity*
Balance at 1 January 2013 (Audited)	7,500,000	292,292	787,141	9,244	1,007,314	9,595,991	138,074	9,734,065
Fair value reserve movement	-	-	-	(466)	-	(466)	-	(466)
Profit for the period	-	-	-	-	400,125	400,125	11,935	412,060
Dividend paid (Note 10)	-	-	-	-	(750,000)	(750,000)	-	(750,000)
Net movement in non-controlling interests	-	-	-	-	-	-	197	197
Balance at 31 March 2013 (Reviewed)	**7,500,000**	**292,292**	**787,141**	**8,778**	**657,439**	**9,245,650**	**150,206**	**9,395,856**
Balance at 1 January 2012 (Audited)	7,500,000	141,871	450,000	8,795	403,268	8,503,934	343	8,504,277
Fair value reserve movement	-	-	-	227	-	227	-	227
Profit for the period	-	-	-	-	353,496	353,496	-	353,496
Dividend paid (Note 10)	-	-	-	-	(375,000)	(375,000)	-	(375,000)
Balance at 31 March 2012 (Reviewed)	7,500,000	141,871	450,000	9,022	381,764	8,482,657	343	8,483,000

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements

Masraf Al Rayan (Q.S.C.) QAR 000s

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Three-Month Period Ended 31 March 2013

	Notes	*For the Three-Month Period Ended 31 March* **2013 (Reviewed)**	*2012 (Reviewed)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before tax		**412,197**	353,496
Adjustments for:			
Net impairment loss on financing assets		26,189	24,389
Fair value gain on investment securities carried as fair value through income statement		(8,923)	-
Depreciation		4,072	4,756
Net gain on sale of investment securities		(4,913)	-
Dividend income		(4,960)	(992)
Share of results of associates and joint ventures		(10,647)	-
Amortisation of premium and discount on investment securities		-	(1,628)
Profit before changes in operating assets and liabilities		**413,015**	380,021
Change in reserve account with Qatar Central Bank		(160,452)	106,753
Change in financing assets		(554,477)	(1,223,105)
Change in other assets		24,836	75,241
Change in due to banks		397,547	4,814,889
Change in customer current accounts		714,990	(1,933,745)
Change in other liabilities		322,246	148,380
		1,157,705	2,368,434
Dividends received		4,960	992
Net cash from operating activities		**1,162,665**	2,369,426
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		(511,642)	-
Proceed from sale/redemption of investment securities		66,228	3,450
Acquisition of fixed assets		(1,497)	(1,765)
Investment in associates		1,000	-
Net cash (used in) from investing activities		**(445,911)**	1,685
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in equity of investment account holders		(207,766)	(400,300)
Dividends paid		(750,000)	(375,000)
Net movement in non-controlling interest		197	-
Net cash used in financing activities		**(957,569)**	(775,300)
Net (decrease) increase in cash and cash equivalents		**(240,815)**	1,595,811
Cash and cash equivalents at 1 January		2,918,547	5,019,926
Cash and cash equivalents at 31 March	14	**2,677,732**	6,615,737

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements

Masraf Al Rayan (Q.S.C.) QAR '000s

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the Three-Month Period Ended 31 March 2013

	At 1 January 2013 (Audited)			**Movements during the period**			**At 31 March 2013 (Reviewed)**		
	No. of Units	Value per unit in QAR	Total value	Gross income	Profit paid	Bank's fee as an agent	No. of Units	Value per unit in QAR	Total value
Wakil and Muakil	**1**	**2,518,381**	**2,518,381**	**56,706**	**(52,886)**	**3,820**	**1**	**2,518,381**	**2,518,381**

	At 1 January 2012 (Audited)			Movements during the period			At 31 March 2012 (Reviewed)		
	No. of Units	Value per unit in QAR	Total value	Gross income	Profit paid	Bank's fee as an agent	No. of Units	Value per unit in QAR	Total value
Wakil and Muakil	1	2,518,381	2,518,381	56,706	(52,886)	3,820	1	2,518,381	2,518,381

The attached notes 1 to 16 form an integral part of these condensed consolidated interim financial statements

Masraf Al Rayan (Q.S.C.) QAR '000s

1 REPORTING ENTITY

Masraf Al Rayan (Q.S.C.) ("Masraf" or "the Bank") is an entity domiciled in the State of Qatar and was incorporated on 4 January 2006 as a Qatari Public Shareholding Company under Article 68 of Qatar Commercial Companies' Law No. 5 of 2002, under decision No. 11 of 2006. The commercial registration number of the Bank is 32010. The address of the Bank's registered office is at P.O. Box 28888, Grand Hamad Steet, Doha, Qatar. The condensed consolidated interim financial statements of the Bank for the three-month period ended 31 March 2013 comprise the Bank and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Bank is primarily involved in banking, financing, investing and brokerage activities, and has 12 branches in Qatar. The Parent Company / Ultimate Controlling Party of the Group is Masraf Al Rayan.

The principal subsidiaries of the Group are as follows:

Entity's name	*Country of incorporation*	*Entity's capital*	*Entity's activities*	*Effective percentage of ownership*	
				31 March 2013	*31 December 2012*
Al Rayan Investment L.L.C.	Qatar	USD 100,000,000	Investment banking	100.0%	100.0%
Al Rayan Financial Brokerage	Qatar	QAR 50,000,000	Financial brokerage	100.0%	100.0%
Al Rayan GCC Fund (F)	Qatar	Not applicable**	Investment activities	63.2%	63.4%
Al Rayan GCC Fund (Q)	Qatar	Not applicable**	Investment activities	26.5%	26.5%
Sapura Crest*	Qatar	QAR 700,000	Oil and gas services	51.0%	51.0%
Al Rayan Partners *	Qatar	QAR 10,000,000	Real estate consulting	100.0%	100.0%

* subsidiaries of Al Rayan Investment L.L.C.
** open-ended funds

2 BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and the applicable provisions of Qatar Central Bank ("QCB") regulations. In line with the requirements of AAOIFI, for matters that are not covered by FAS, the Group uses the guidance from the relevant International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). Accordingly, the condensed consolidated interim financial statements have been prepared in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial investments classified as "investments at fair value through equity", "investments at fair value through income statement" and derivative financial instruments.

(c) Functional and presentational currency

The condensed consolidated interim financial statements are presented in Qatari Riyals ("QAR"), which is the Bank's functional and presentational currency, and all values are rounded to the nearest QAR thousand except when otherwise indicated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2 BASIS OF PREPARATION (continued)

(d) Use of estimates and judgments

The preparation of the condensed consolidated interim 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.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those applied to the annual consolidated financial statements as at 31 December 2012.

(e) Critical accounting judgements in applying the Group's accounting policies

(i) *Valuation of financial instruments*

The Group's accounting policy on fair value measurements is discussed in the significant accounting policies section.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark profit rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

Masraf Al Rayan (Q.S.C.) QAR '000s

2 BASIS OF PREPARATION (continued)

(e) Critical accounting judgements in applying the Group's accounting policies (continued)

(ii) *Financial asset and liability classification*

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 March 2013 (Reviewed)	*Level 1*	*Level 2*	*Level 3*	*Total*
Risk management instruments	-	68,477	-	68,477
Investment securities	345,834	5,002	-	350,836
	345,834	**73,479**	**-**	**419,313**
Risk management instruments	-	61,865	-	61,865
	-	**61,865**	**-**	**61,865**

31 December 2012 (Audited)	*Level 1*	*Level 2*	*Level 3*	*Total*
Risk management instruments	-	13,256	-	13,256
Investment securities	344,619	5,070	-	349,689
	344,619	**18,326**	**-**	**362,945**
Risk management instruments	-	9,391	-	9,391
	-	**9,391**	**-**	**9,391**

During the reporting period 31 March 2013 and 31 December 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

(iii) *Impairment of investments in equity and debt securities*
Investments in equity and debt securities are evaluated for impairment on the basis described in the significant accounting policies note.

(iv) *Useful lives of fixed assets*
The Group's management determines the estimated useful life of fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset, physical wear and tear, technical or commercial obsolescence.

The condensed consolidated interim financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2012. In addition, results for the three-month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2012, except for the following:

New standards, amendments and interpretations issued

The following accounting standard and interpretations have been issued by AAOIFI during 2012 effective from annual periods beginning on or after 1 January 2013 and are expected to be relevant to the Group:

FAS – 26 'Investment in Real estate'
FAS 26 was issued in June 2012 to replace FAS 17 and is applicable for direct investment in real estate that is acquired for the purpose of earning periodical income or held for future capital appreciation or both. Subsequent to initial recognition, investment in real estate can be measured at cost or fair value. If the Group chooses fair value model, any fair value gains arising from fair value of investment in real estate should be directly recognised in equity under 'property fair value reserve' until disposal. Fair value losses below cost shall be recognised in the income statement. If the Bank chooses cost model, then the investment in real estate is carried at cost less accumulated depreciation (where applicable) and accumulated impairment losses, if any.

The adoption of this standard did not have a significant impact on the Group's condensed consolidated interim financial statements.

4 FINANCIAL RISK MANAGEMENT

The Group's 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 2012.

5 OPERATING SEGMENTS

The Group has three 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 management reviews internal reports periodically. The following summary describes the operations in each of the Group's reportable segments.

- Corporate Banking provides an extensive range of Islamic funded and non-funded credit facilities, deposit services, investment advisory, currency exchange facilities, profit rate swaps, financing syndication and and other services to Corporate, Commercial and Multinational Customers.
- Retail Banking provides investment accounts services, credit card and Islamic financing to retail and individual customers.
- Asset Management has two distinct functions. Firstly, the management of Masraf Al Rayan's portfolio of listed and private equities and funds, strategic investments, income producing instruments such as sukuks and real estate investments. Secondly, the development and operation of Masraf Al Rayan's investment products, asset management and investment placement business.

Unallocated assets, liabilities and revenues are related to some central functions and non core business operations, like common property & equipments, cash functions, development projects related payables etc.

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

Masraf Al Rayan (Q.S.C.) QAR '000s

5 OPERATING SEGMENTS (continued)

Information about operating segments

31 March 2013 (Reviewed)	***Corporate Banking***	***Retail Banking***	***Asset Management***	***Unallocated***	***Total***
External revenue:					
Total income from financing and investing activities	528,376	65,465	21,470	-	**615,311**
Net fee and commission income	29,460	-	2,423	-	**31,883**
Foreign exchange gain / (loss)	12,937	-	(3)	-	**12,934**
Share of results of associates and joint ventures	-	-	-	10,647	**10,647**
Other income	-	-	-	1,335	**1,335**
Total segment revenue	**570,773**	**65,465**	**23,890**	**11,982**	**672,110**
Other material non-cash items:					
Net impairment loss on financing assets	**(26,189)**	-	-	-	**(26,189)**
Reportable segment profit before tax	**418,573**	**47,922**	**19,411**	**(73,709)**	**412,197**
Reportable segment assets	**56,683,478**	**4,813,242**	**628,795**	**391,796**	**62,517,311**
Reportable segment liabilities	**47,641,330**	**4,861,164**	**4,994**	**613,967**	**53,121,455**

31 March 2012 (Reviewed)	*Corporate Banking*	*Retail Banking*	*Asset Management*	*Unallocated*	*Total*
External revenue:					
Total income from financing and investing activities	509,148	39,945	2,948	-	552,041
Net fee and commission income	24,419	-	1,968	-	26,387
Foreign exchange gain / (loss)	11,063	-	-	-	11,063
Share of results of associates and joint ventures	-	-	-	-	-
Other income	-	-	-	26,104	26,104
Total segment revenue	544,630	39,945	4,916	26,104	615,595
Other material non-cash items:					
Net impairment loss on financing assets	(24,389)	-	-	-	(24,389)
Reportable segment profit before tax	403,060	27,364	997	(77,925)	353,496
Reportable segment assets	54,784,569	2,664,374	394,279	36,070	57,879,292
Reportable segment liabilities	46,248,805	2,691,738	14,714	441,035	49,396,292

Masraf Al Rayan (Q.S.C.) QAR '000s

6 FINANCING ASSETS

(a) By type

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Murabaha	**41,150,434**	39,631,243	34,202,174
Ijarah	**3,643,048**	3,424,472	2,555,923
Istisna'a	**858,426**	784,106	521,233
Musharaka	**205,702**	122,112	162,134
Others	**117,666**	110,256	101,957
Total financing assets	**45,975,276**	44,072,189	37,543,421
Deferred profit	**(2,601,587)**	(1,253,251)	(1,458,924)
Provision for impairment and profit in suspense (note b)	**(76,185)**	(49,722)	(119,954)
Net financing assets	**43,297,504**	42,769,216	35,964,543

The total non-performing financing assets at 31 March 2013 amounted to QAR 39,083 thousand representing 0.09% of the gross financing assets (31 December 2012: QAR 39,911 thousand representing 0.09% of the gross financing assets; 31 March 2012: QAR 450,130 thousand representing 1.20% of the gross financing assets).

Specific impairment of financing assets includes QAR 4,641 thousand of profit in suspense (31 December 2012: QAR 4,369 thousand; 31 March 2012: QAR 15,741 thousand).

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

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Balance as at 1 January	**49,722**	87,226	87,226
Charge for the period / year	**26,463**	5,847	32,735
Recoveries during the period / year	**-**	(43,329)	-
Write off during the period / year	**-**	(22)	(7)
Balance at 31 March / 31 December	**76,185**	49,722	119,954

Masraf Al Rayan (Q.S.C.) QAR '000s

7 INVESTMENT SECURITIES

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Investments classified as fair value through income statement			
Investments classified as held for trading (Quoted)			
• Equity type investments	**172,744**	159,275	-
• Debt type investments			
- Fixed profit rate	**153,434**	158,838	-
- Floating profit rate	**-**	6,752	-
	326,178	324,865	-
Debt-type investments classified at amortised cost			
Fixed profit rate – Quoted	**50,967**	50,967	50,967
Fixed profit rate – Unquoted	**-**	-	12,196
Floating profit rate – Quoted	**382,732**	332,509	662,258
Government of Qatar Sukuk – Unquoted	**11,657,395**	11,250,000	11,250,000
Less: Provision for impairment	**(21,843)**	(21,843)	(21,843)
	12,069,251	11,611,633	11,953,578
Equity-type investments classified as fair value through equity			
- Quoted	**19,656**	19,754	19,514
- Unquoted	**5,002**	5,070	71,569
	24,658	24,824	91,083
	12,420,087	11,961,322	12,044,661

The cumulative change in fair value of equity-type investments classified as fair value through equity during the period / year is as follows:

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Positive fair value:			
Balance at 1 January	**9,244**	8,795	8,795
Net change in fair value	**(466)**	449	227
Balance at 31 March / 31 December	**8,778**	9,244	9,022

Masraf Al Rayan (Q.S.C.) QAR '000s

8 DUE TO BANKS

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Current accounts	**585,926**	566,379	682,386
Commodity murabaha payable	**593,931**	851,898	2,179,509
Wakala payable	**5,601,567**	4,965,600	15,192,092
	6,781,424	6,383,877	18,053,987

9 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Saving accounts	**1,582,924**	1,519,970	1,005,096
Term accounts	**38,873,961**	38,691,069	24,283,135
Call accounts	**1,755,263**	2,158,704	3,048,397
Profit payable to equity of investment account holders	**86,591**	136,762	115,860
Share in the fair value reserves	**352**	371	357
	42,299,091	42,506,876	28,452,845

10 OWNERS' EQUITY

(a) Share capital

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Authorised			
750,000,000 shares at QAR 10 each	**7,500,000**	7,500,000	7,500,000

(b) Legal reserve

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Balance at 1 January	**292,292**	141,871	141,871
Transfer from retained earnings	**-**	150,421	-
Balance at 31 March / 31 December	**292,292**	292,292	141,871

According to QCB Law No. 33 of 2006, 10% of the profit for the year is required to be transferred to the legal reserve until the reserve equals 100% of paid up capital. No transfer has been made for the period ended 31 March 2013 as Masraf will transfer the required amount by 31 December 2013.

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10 OWNERS' EQUITY (continued)

(c) Fair value reserves

This reserve comprises changes in fair value of equity-type investments classified as fair value through equity.

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Balance at 1 January	**9,244**	8,795	8,795
Net unrealised (losses) gains	**(114)**	820	584
Net change during the period / year	**9,130**	9,615	9,379
Share of equity of investment account holders in the fair value reserves	**(352)**	(371)	(357)
Balance at 31 March / 31 December (shareholders' share)	**8,778**	9,244	9,022

Fair value reserves represent unearned gains/ (losses), being not available for distribution unless realised and charged to the condensed consolidated income statement.

(d) Risk reserve

In accordance with QCB regulations, risk reserve has been created to cover contingencies on both the public and private sector financing activities, with a minimum requirement of 2% of the total private sector exposure granted by Masraf and its branches 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 and finance against cash guarantees are excluded from the gross direct financing, which should be appropriated from shareholders' profit according to QCB Circular No 87/2008. No transfer has been made for the period ended 31 March 2013 as Masraf will transfer the required amount by 31 December 2013.

(e) Dividend

On 18 February 2013, the General Assembly approved a cash dividend of 10% of the paid up share capital (2012: 5%) amounting to QAR 750 million (2012: QAR 375 million).

11 NON-CONTROLLING INTERESTS

This represents the Group's non-controlling interest in Sapura Crest amounting to 49% of the share capital (31 December 2012: 49%), 36.8% in Al Rayan GCC Fund (F) (31 December 2012: 36.6%) and 73.5% in Al Rayan GCC Fund (Q) (31 December 2012: 73.5%).

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12 CONTINGENT LIABILITIES AND COMMITMENTS

(a) Capital commitments

The Group has long-term lease agreements for its office premises. The future aggregate minimum lease payments under these lease agreements are as follows:

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Payable not later than 1 year	**20,035**	22,157	21,701
Payable later than 1 year and not later than 5 years	**31,383**	35,179	47,626
	51,418	57,336	69,327

(b) Contingent liabilities

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Unutilised credit facilities	**8,764,902**	7,403,642	3,999,397
Guarantees	**6,998,198**	5,510,161	4,109,010
Letters of credit	**3,784,667**	2,711,280	958,409
	19,547,767	15,625,083	9,066,816

(c) Other undertakings and commitments

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Profit rate swap	**1,529,010**	1,529,010	1,529,010
Unilateral promise to buy/sell currencies	**26,311,834**	16,091,124	7,967,202
	27,840,844	17,620,134	9,496,212

13 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

	For the Three-Month Period Ended 31 March	
	2013 (Reviewed)	*2012 (Reviewed)*
Profit for the period attributable to equity holders of the Bank	**400,125**	353,496
Weighted average number of shares outstanding during the period	**750,000**	750,000
Basic earnings per share (QAR)	**0.534**	0.471

There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

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14 CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents comprise the following balances with original maturities of less than three months:

	31 March 2013 (Reviewed)	*31 March 2012 (Reviewed)*
Cash on hand and balances with QCB excluding cash reserve	**495,606**	1,954,419
Due from banks	**2,182,126**	4,661,318
	2,677,732	6,615,737

15 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.

Transactions with related parties

(a) Condensed consolidated statement of financial position items

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Assets			
Murabaha - customer	-	4,316,378	4,263,648
Liabilities			
Current account - customer	-	215	216
Equity of investment account holders - customer	**5,949,229**	5,512,704	3,650,816
	5,949,229	5,512,919	3,651,032

(b) Condensed consolidated income statement items

	For the Three-Month Period Ended 31 March	
	2013 (Reviewed)	*2012 (Reviewed)*
Income from financing activities - customer	-	64,665
Loss from foreign exchange operations - customer	**(4)**	(6,387)
	(4)	58,278
Return on equity of investment account holders - customer	**6,880**	3,804

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15 RELATED PARTIES (continued)

(c) Transactions with key management personnel

Key management personnel and their immediate relatives have transacted with the Group during the period as follows:

	31 March 2013 (Reviewed)	*31 December 2012 (Audited)*	*31 March 2012 (Reviewed)*
Credit card financing	**226**	283	12

The remuneration of directors and other members of key management during the period were as follows:

	For the Three-Month Period Ended 31 March	
	2013 (Reviewed)	*2012 (Reviewed)*
Remuneration to Board of Directors including meeting allowances	**3,861**	3,357
Salaries and other benefits	**1,908**	1,862

16 COMPARATIVE FIGURES

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