CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MASRAF AL RAYAN (Q.S.C.)

30 SEPTEMBER 2013

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at and for the nine-month period ended 30 September 2013

Contents | Page(s)

KPMG
Audit
2nd Floor
Area 25, C Ring Road
PO Box 4473, Doha
State of Qatar

Telephone +974 4457 6444
Fax +974 4442 5626
Website www.kpmg.com.qa

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 September 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 30 September 2013;
- the condensed consolidated income statement for the three and nine month periods ended 30 September 2013;
- the condensed consolidated statement of changes in owners' equity for the nine month period ended 30 September 2013;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2013;
- the condensed consolidated statement of changes in restricted investment accounts for the nine month period ended 30 September 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 this 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 30 September 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.

28 October 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 30 September 2013

	Notes	*30 September 2013 (Reviewed)*	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
ASSETS				
Cash and balances with Qatar Central Bank		**4,650,131**	2,267,508	2,028,975
Due from banks		**1,204,210**	2,627,154	7,459,023
Financing assets	8	**43,262,719**	41,719,216	37,062,080
Investment securities	9	**15,905,693**	13,011,322	12,967,885
Investment in associates and joint ventures		**1,459,547**	1,449,521	1,453,313
Investment property		**91,250**	91,250	91,250
Fixed assets		**57,764**	62,218	64,546
Other assets		**273,733**	400,196	308,613
TOTAL ASSETS		**66,905,047**	61,628,385	61,435,685
LIABILITIES				
Due to banks	10	**5,307,236**	6,383,877	10,729,183
Customer current accounts		**2,952,330**	2,502,739	2,563,901
Other liabilities		**621,894**	500,828	498,903
TOTAL LIABILITIES		**8,881,460**	9,387,444	13,791,987
EQUITY OF INVESTMENT ACCOUNT HOLDERS	11	**47,783,255**	42,506,876	38,429,722
OWNERS' EQUITY				
Share capital	12	**7,500,000**	7,500,000	7,500,000
Legal reserve	12	**292,292**	292,292	141,871
Risk reserve	12	**787,141**	787,141	450,000
Fair value reserves	12	**17,914**	9,244	10,086
Retained earnings		**1,507,567**	1,007,314	1,111,676
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		**10,104,914**	9,595,991	9,213,633
Non-controlling interests	13	**135,418**	138,074	343
TOTAL OWNERS' EQUITY		**10,240,332**	9,734,065	9,213,976
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNT HOLDERS AND OWNERS' EQUITY		**66,905,047**	61,628,385	61,435,685

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 October 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 18 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 and Nine-Month Periods Ended 30 September 2013

	Note	*For The Three-Month Period Ended 30 September*		*For The Nine-Month Period Ended 30 September*	
		2013	*2012*	***2013***	*2012*
		(Reviewed)	*(Reviewed)*	***(Reviewed)***	*(Reviewed)*
Net income from financing activities		**453,121**	411,477	**1,333,600**	1,195,511
Net income from investing activities		**175,203**	169,089	**521,863**	502,572
Total net income from financing and investing activities		**628,324**	580,566	**1,855,463**	1,698,083
Fee and commission income		**37,035**	29,823	**107,021**	87,069
Fee and commission expense		**(197)**	(296)	**(924)**	(1,311)
Net fee and commission income		**36,838**	29,527	**106,097**	85,758
Net foreign exchange gain		**14,736**	12,974	**41,102**	35,150
Share of results of associates		**(435)**	3,222	**10,212**	10,668
Other income		**1,273**	2,260	**4,535**	31,061
TOTAL INCOME		**680,736**	628,549	**2,017,409**	1,860,720
Staff costs		**(55,747)**	(52,558)	**(173,572)**	(159,033)
Depreciation		**(3,912)**	(4,929)	**(12,212)**	(14,787)
Other expenses		**(46,719)**	(33,468)	**(113,361)**	(85,973)
Finance expense		**(19,849)**	(26,428)	**(59,937)**	(87,820)
TOTAL EXPENSES		**(126,227)**	(117,383)	**(359,082)**	(347,613)
Net recoveries (impairment losses) on financing assets		**-**	95	**(26,220)**	(8,799)
PROFIT FOR THE PERIOD BEFORE RETURN TO INVESTMENT ACCOUNT HOLDERS		**554,509**	511,261	**1,632,107**	1,504,308
Less: Return to investment account holders		**(118,440)**	(152,373)	**(356,503)**	(419,788)
PROFIT FOR THE PERIOD BEFORE TAX		**436,069**	358,888	**1,275,604**	1,084,520
Tax expense		**-**	(635)	**(137)**	(1,112)
NET PROFIT FOR THE PERIOD		**436,069**	358,253	**1,275,467**	1,083,408
Net profit for the period attributable to:					
Equity holders of the Bank		**429,497**	358,253	**1,250,253**	1,083,408
Non-controlling interests		**6,572**	-	**25,214**	-
		436,069	358,253	**1,275,467**	1,083,408
BASIC AND DILUTED EARNINGS PER SHARE (QAR)	15	**0.573**	0.478	**1.667**	1.445

The attached notes 1 to 18 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 Nine-Month Period Ended 30 September 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	-	-	-	**8,670**	-	**8,670**	-	**8,670**
Profit for the period	-	-	-	-	**1,250,253**	**1,250,253**	**25,214**	**1,275,467**
Dividend paid (Note 12)	-	-	-	-	**(750,000)**	**(750,000)**	-	**(750,000)**
Net movement in non-controlling interests	-	-	-	-	-	-	**(27,870)**	**(27,870)**
Balance at 30 September 2013 (Reviewed)	**7,500,000**	**292,292**	**787,141**	**17,914**	**1,507,567**	**10,104,914**	**135,418**	**10,240,332**
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	-	-	-	1,291	-	1,291	-	1,291
Profit for the period	-	-	-	-	1,083,408	1,083,408	-	1,083,408
Dividend paid (Note 12)	-	-	-	-	(375,000)	(375,000)	-	(375,000)
Balance at 30 September 2012 (Reviewed)	7,500,000	141,871	450,000	10,086	1,111,676	9,213,633	343	9,213,976

The attached notes 1 to 18 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 Nine-Month Period Ended 30 September 2013

	Notes	*For the Nine-Month Period Ended 30 September* 2013 (Reviewed)	2012 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before tax		**1,275,604**	1,084,520
Adjustments for:			
Net impairment loss on financing assets		**26,220**	8,799
Fair value gain on investment securities carried as fair value through income statement		**(14,791)**	(4,296)
Depreciation		**12,212**	14,787
Net gain on sale of investment securities		**(13,135)**	(21)
Dividend income		**(8,032)**	(992)
Share of results of associates		**(10,212)**	(10,668)
Amortisation of premium and discount on investment securities		**(9)**	(3,834)
Profit before changes in operating assets and liabilities		**1,267,857**	1,088,295
Change in reserve account with Qatar Central Bank		**(300,253)**	(195,858)
Change in financing assets		**(1,569,723)**	(3,780,052)
Change in other assets		**126,463**	30,181
Change in due to banks		**(1,076,641)**	(2,466,078)
Change in customer current accounts		**449,591**	(1,607,457)
Change in other liabilities		**122,488**	(4,726)
		(980,218)	(6,935,695)
Dividend received		**8,032**	992
Tax paid		**(1,559)**	(1,009)
Net cash used in operating activities		**(973,745)**	(6,935,712)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		**(4,327,315)**	(1,628,954)
Proceed from sale/redemption of investment securities		**1,469,083**	2,191,810
Acquisition of fixed assets		**(7,758)**	(8,827)
Investment in associates		**1,000**	(11,300)
Net cash (used in) / from investing activities		**(2,864,990)**	542,729
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in equity of investment account holders		**5,276,031**	9,532,697
Dividends paid		**(750,000)**	(375,000)
Net movement in non-controlling interest		**(27,870)**	-
Net cash from financing activities		**4,498,161**	9,157,697
Net increase in cash and cash equivalents		**659,426**	2,764,714
Cash and cash equivalents at 1 January		**2,918,547**	5,019,926
Cash and cash equivalents at 30 September	16	**3,577,973**	7,784,640

The attached notes 1 to 18 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 Nine-Month Period Ended 30 September 2013

	At 1 January 2013 (Audited)			**Movements during the period**			**At 30 September 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**	**171,880**	**(160,421)**	**11,459**	**1**	**2,518,381**	**2,518,381**

	At 1 January 2012 (Audited)			Movements during the period			At 30 September 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	172,509	(161,008)	11,501	1	2,518,381	2,518,381

The attached notes 1 to 18 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 nine-month period ended 30 September 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*	
				30 September 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	**60.4%**	63.4%
Al Rayan GCC Fund (Q)	Qatar	Not applicable**	Investment activities	**31.4%**	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

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'.

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 nine-month period ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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.

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.

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 September 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 USE OF ESTIMATES AND JUDGMENTS

(a) Key sources of estimation uncertainty

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.

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

5 USE OF ESTIMATES AND JUDGMENTS (continued)

(b) Critical accounting judgments in applying the Group's accounting policies

(i) *Valuation of financial instruments*

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, where applicable.

(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:

	Level 1	*Level 2*	*Level 3*	*Total*
30 September 2013 (Reviewed)				
Risk management instruments	-	7,258	-	7,258
Investment securities	400,805	-	4,650	405,455
	400,805	**7,258**	**4,650**	**412,713**
Risk management instruments	-	4,342	-	4,342
	-	**4,342**	-	**4,342**

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

During the reporting period 30 September 2013 and 31 December 2012, there were no transfers among Levels 1, 2 and 3 fair value measurements.

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

6 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Fair value through income statement	*Fair value through equity*	*Amortised cost*	*Total carrying amount*	*Fair value*
30 September 2013 (Reviewed)					
Cash and balances with QCB	-	-	4,650,131	4,650,131	4,650,131
Due from banks	-	-	1,204,210	1,204,210	1,204,210
Financing assets	-	-	43,262,719	43,262,719	43,262,719
Investment securities:					
- Measured at fair value	293,016	112,439	-	405,455	405,455
- Measured at amortised cost	-	-	15,500,238	15,500,238	15,414,157
Other assets	-	-	218,019	218,019	218,019
Risk management instruments	7,258	-	-	7,258	7,258
	300,274	**112,439**	**64,835,317**	**65,248,030**	**65,161,949**
Due to banks	-	-	5,307,236	5,307,236	5,307,236
Customer current accounts	-	-	2,952,330	2,952,330	2,952,330
Financing liabilities	-	-	47,783,255	47,783,255	47,783,255
Risk management instruments	4,342	-	-	4,342	4,342
	4,342	**-**	**56,042,821**	**56,047,163**	**56,047,163**

	Fair value through income statement	*Fair value through equity*	*Amortised cost*	*Total carrying amount*	*Fair value*
31 December 2012 (Audited)					
Cash and balances with QCB	-	-	2,267,508	2,267,508	2,267,508
Due from banks	-	-	2,627,154	2,627,154	2,627,154
Financing assets	-	-	41,719,216	41,719,216	41,719,216
Investment securities:					
- Measured at fair value	324,865	24,824	-	349,689	349,689
- Measured at amortised cost	-	-	12,661,633	12,661,633	12,640,339
Other assets	-	-	326,480	326,480	326,480
Risk management instruments	13,256	-	-	13,256	13,256
	338,121	24,824	59,601,991	59,964,936	59,943,642
Due to banks	-	-	6,383,877	6,383,877	6,383,877
Customer current accounts	-	-	2,502,739	2,502,739	2,502,739
Financing liabilities	-	-	42,506,876	42,506,876	42,506,876
Risk management instruments	9,391	-	-	9,391	9,391
	9,391	-	51,393,492	51,402,883	51,402,883

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

7 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 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

Information about operating segments

30 September 2013 (Reviewed)	*Corporate Banking*	*Retail Banking*	*Asset Management*	*Unallocated*	*Total*
External revenue:					
Total income from financing and investing activities	1,597,689	213,934	43,840	-	**1,855,463**
Net fee and commission income	97,935	-	8,162	-	**106,097**
Foreign exchange gain / (loss)	41,120	-	(18)	-	**41,102**
Share of results of associates and joint ventures	-	-	-	10,212	**10,212**
Other income	-	-	-	4,535	**4,535**
Total segment revenue	**1,736,744**	**213,934**	**51,984**	**14,747**	**2,017,409**
Other material non-cash items:					
Net impairment loss on financing assets	**(26,220)**	-	-	-	**(26,220)**
Reportable segment profit before tax	**1,343,922**	**161,935**	**38,155**	**(268,408)**	**1,275,604**
Reportable segment assets	**60,278,807**	**5,709,955**	**630,642**	**285,643**	**66,905,047**
Reportable segment liabilities	**50,719,723**	**5,548,020**	**7,046**	**389,926**	**56,664,715**

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

7 OPERATING SEGMENTS (continued)

Information about operating segments (continued)

30 September 2012 (Reviewed)	*Corporate Banking*	*Retail Banking*	*Asset Management*	*Unallocated*	*Total*
External revenue:					
Total income from financing and investing activities	1,551,400	132,262	14,421	-	1,698,083
Net fee and commission income	79,088	-	6,670	-	85,758
Foreign exchange gain	35,150	-	-	-	35,150
Share of results of associates and joint ventures	-	-	-	10,668	10,668
Other income	-	-	-	31,061	31,061
Total segment revenue	1,665,638	132,262	21,091	41,729	1,860,720
Other material non-cash items:					
Net impairment loss on financing assets	(8,799)	-	-	-	(8,799)
Reportable segment profit before tax	1,194,436	87,057	10,663	(207,636)	1,084,520
Reportable segment assets	56,991,785	3,706,831	394,966	342,103	61,435,685
Reportable segment liabilities	48,276,549	3,619,774	6,752	318,634	52,221,709

8 FINANCING ASSETS

(a) By type	***30 September 2013 (Reviewed)***	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Murabaha	**39,896,328**	38,581,243	34,692,981
Ijarah	**3,597,847**	3,424,472	2,753,413
Istisna'a	**851,127**	784,106	690,395
Musharaka	**458,637**	122,112	122,058
Others	**125,313**	110,256	109,699
Total financing assets	**44,929,252**	43,022,189	38,368,546
Deferred profit	**(1,589,923)**	(1,253,251)	(1,187,064)
Provision for impairment and profit in suspense (note b)	**(76,610)**	(49,722)	(119,402)
Net financing assets	**43,262,719**	41,719,216	37,062,080

The total non-performing financing assets at 30 September 2013 amounted to QAR 37,566 thousand representing 0.08% of the gross financing assets (31 December 2012: QAR 39,911 thousand representing 0.09% of the gross financing assets; 30 September 2012: QAR 326,406 thousand representing 0.83% of the gross financing assets).

Specific impairment of financing assets includes QAR 5,068 thousand of profit in suspense (31 December 2012: QAR 4,369 thousand; 30 September 2012: QAR 30,778 thousand).

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

8 FINANCING ASSETS (continued)

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

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Balance as at 1 January	**49,722**	87,226	87,226
Charge for the period / year	**26,918**	5,847	49,540
Recoveries / reversals during the period / year	-	(43,329)	(17,357)
Write off during the period / year	**(30)**	(22)	(7)
Balance at 30 September / 31 December	**76,610**	49,722	119,402

9 INVESTMENT SECURITIES

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Investments classified as fair value through income statement			
Investments classified as held for trading (Quoted)			
• Equity type investments	**175,183**	159,275	-
• Debt type investments			
- Fixed profit rate	**117,833**	158,838	159,244
- Floating profit rate	-	6,752	-
	293,016	324,865	159,244
Debt-type investments classified at amortised cost			
Fixed profit rate – Quoted	**236,948**	50,967	50,967
Fixed profit rate – Unquoted	-	-	10,193
Floating profit rate – Quoted	**124,686**	332,509	336,134
Government of Qatar Sukuk – Unquoted	**15,160,447**	12,300,000	12,341,240
Less: Provision for impairment	**(21,843)**	(21,843)	(21,843)
	15,500,238	12,661,633	12,716,691
Equity-type investments classified as fair value through equity			
- Quoted	**107,789**	19,754	20,621
- Unquoted	**4,650**	5,070	71,329
	112,439	24,824	91,950
	15,905,693	13,011,322	12,967,885

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

9 INVESTMENT SECURITIES (continued)

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

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Positive fair value:			
Balance at 1 January	**9,244**	8,795	8,795
Net change in fair value	**8,670**	449	1,291
Balance at 30 September / 31 December	**17,914**	9,244	10,086

10 DUE TO BANKS

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Current accounts	**575,193**	566,379	566,306
Commodity murabaha payable	**404,793**	851,898	1,246,868
Wakala payable	**4,327,250**	4,965,600	8,916,009
	5,307,236	6,383,877	10,729,183

11 EQUITY OF INVESTMENT ACCOUNT HOLDERS

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Saving accounts	**1,768,770**	1,519,970	1,389,852
Term accounts	**39,754,153**	38,691,069	34,445,362
Call accounts	**6,172,444**	2,158,704	2,447,357
Profit payable to equity of investment account holders	**87,169**	136,762	146,751
Share in the fair value reserves	**719**	371	400
	47,783,255	42,506,876	38,429,722

12 OWNERS' EQUITY

(a) Share capital

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Authorised			
750,000,000 shares at QAR 10 each	**7,500,000**	7,500,000	7,500,000

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

12 OWNERS' EQUITY (continued)

(b) Legal reserve

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Balance at 1 January	**292,292**	141,871	141,871
Transfer from retained earnings	**-**	150,421	-
Balance at 30 September / 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 30 September 2013 as Masraf will transfer the required amount by 31 December 2013.

(c) Fair value reserves

This reserve comprises changes in fair value of equity-type investments classified as fair value through equity and change of post acquisition fair value reserve of associates.

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Balance at 1 January	**9,244**	8,795	8,795
Share of other comprehensive income of associates	**814**	-	-
Net unrealised gains	**8,575**	820	1,691
Net change during the period / year	**18,633**	9,615	10,486
Share of equity of investment account holders in the fair value reserves	**(719)**	(371)	(400)
Balance at 30 September / 31 December (shareholders' share)	**17,914**	9,244	10,086

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 2.5% 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 30 September 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).

13 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%), 39.6% in Al Rayan GCC Fund (F) (31 December 2012: 36.6%) and 68.6% in Al Rayan GCC Fund (Q) (31 December 2012: 73.5%).

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

14 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:

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Payable not later than 1 year	**17,838**	22,157	17,696
Payable later than 1 year and not later than 5 years	**26,436**	35,179	39,303
	44,274	57,336	56,999

(b) Contingent liabilities

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Unutilised credit facilities	**3,781,063**	7,403,642	6,453,754
Guarantees	**7,640,769**	5,510,161	4,757,754
Letters of credit	**11,621,675**	2,711,280	1,154,367
	23,043,507	15,625,083	12,365,875

(c) Other undertakings and commitments

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Profit rate swap	-	1,529,010	1,529,010
Unilateral promise to buy/sell currencies	**14,052,890**	16,091,124	15,025,267
	14,052,890	17,620,134	16,554,277

15 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 Nine-Month Period Ended 30 September	
	2013 (Reviewed)	*2012 (Reviewed)*
Profit for the period attributable to equity holders of the Bank	**1,250,253**	1,083,408
Weighted average number of shares outstanding during the period	**750,000**	750,000
Basic earnings per share (QAR)	**1.667**	1.445

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.

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

16 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:

	30 September 2013 (Reviewed)	*30 September 2012 (Reviewed)*
Cash on hand and balances with QCB excluding cash reserve	**2,373,763**	325,617
Due from banks	**1,204,210**	7,459,023
	3,577,973	7,784,640

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.

Transactions with related parties

(a) Condensed consolidated statement of financial position items

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Assets			
Murabaha - customer	-	4,316,378	4,263,648
Liabilities			
Current account - customer	**181**	215	209
Equity of investment account holders - customer	**2,706,318**	5,512,704	6,343,019
	2,706,499	5,512,919	6,343,228

(b) Condensed consolidated income statement items

	For the Nine-Month Period Ended 30 September	
	2013 (Reviewed)	*2012 (Reviewed)*
Income from financing activities - customer	-	176,705
Income / (loss) from foreign exchange operations - customer	**21**	(10,903)
	21	165,802
Return on equity of investment account holders - customer	**11,115**	13,618

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

17 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:

	30 September 2013 (Reviewed)	*31 December 2012 (Audited)*	*30 September 2012 (Reviewed)*
Credit card financing	**191**	283	131

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

	For the Nine-Month Period Ended 30 September	
	2013 (Reviewed)	*2012 (Reviewed)*
Remuneration to Board of Directors including meeting allowances	**11,583**	10,071
Salaries and other benefits	**6,372**	7,965

18 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.