

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)  
DOHA - QATAR**

**INTERIM CONDENSED FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE MONTH PERIOD  
ENDED MARCH 31, 2012**

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)**

**INTERIM CONDENSED FINANCIAL STATEMENTS AND**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

For the three month period ended March 31, 2012

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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To The Board of Directors  
Qatar International Islamic Bank (Q.S.C.)  
Doha – Qatar**

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Qatar International Islamic Bank (Q.S.C.) (“the Bank”) as at March 31, 2012, and the related interim condensed statements of income, changes in shareholders’ equity, and cash flows for the three month period then ended, and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, Qatar Central Bank Regulations, the basis of accounting mentioned in note (2) of the accompanying interim condensed 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 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 financial statements are not presented fairly, in all material respects, in accordance with Note 2 of the accompanying interim condensed financial statements and Qatar Central Bank regulations.

**For Deloitte & Touche**

**Doha – Qatar  
April 15, 2012**

**Muhammad Bahemia  
License No. 103**

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)****INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

As at March 31, 2012

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>QR'000</b>	<b>QR'000</b>
<b>ASSETS</b>		
Cash and balances with Qatar Central Bank	<b>1,270,157</b>	934,530
Balances and investments with banks and other financial institutions	<b>5,723,053</b>	5,734,175
Receivables and balances from financing activities	<b>10,531,005</b>	10,588,963
Financial investments	<b>3,833,824</b>	4,259,060
Investment in associates	<b>367,158</b>	365,231
Investment properties held for leasing	<b>295,167</b>	236,279
Investment properties held for trading	<b>656,142</b>	639,636
Property and equipment	<b>184,321</b>	185,531
Other assets	<b>431,218</b>	414,221
<b>Total assets</b>	<b><u>23,292,045</u></b>	<b><u>23,357,626</u></b>
<b>LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Current accounts from banks and financial institutions	<b>24,083</b>	15,997
Customers' current accounts	<b>4,335,431</b>	3,952,019
Other liabilities	<b>451,155</b>	357,592
<b>Total Liabilities</b>	<b><u>4,810,669</u></b>	<b><u>4,325,608</u></b>
<b>Holders of Unrestricted Investment Accounts</b>	<b><u>13,950,239</u></b>	<b><u>14,138,758</u></b>
<b>Shareholders' Equity</b>		
Share capital	<b>1,513,687</b>	1,513,687
Legal reserve	<b>2,452,360</b>	2,452,360
Fair value reserve	<b>104,856</b>	107,309
Risk reserve	<b>167,869</b>	167,869
Foreign currency translation reserve	<b>(16,041)</b>	(10,651)
Other reserves	<b>30,862</b>	32,896
Proposed cash dividends	<b>--</b>	529,790
Retained earnings	<b>277,544</b>	100,000
<b>Total Shareholders' Equity</b>	<b><u>4,531,137</u></b>	<b><u>4,893,260</u></b>
<b>Total Liabilities, Holders of Unrestricted Investment Accounts and Shareholders' Equity</b>	<b><u>23,292,045</u></b>	<b><u>23,357,626</u></b>

These interim condensed financial statements were approved by the Board of Directors on April 15, 2012 and signed on its behalf by the following:

Dr. Khaled Bin Thani Al Thani  
Chairman and Managing Director

Abdul Basit Ahmed Al Shaibei  
Chief Executive Officer

THE ATTACHED NOTES 1 TO 7 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)****INTERIM CONDENSED STATEMENT OF INCOME**

For the three month period ended March 31, 2012

	<b>Three Month Period Ended</b>	
	<b>March 31, 2012</b>	March 31, 2011
	<b>(Reviewed)</b>	(Reviewed)
	<b>QR.'000</b>	QR.'000
Income from financing activities	<b>190,133</b>	197,437
Income from Investing activities	<b>97,929</b>	52,089
<b>Total income from financing and investing activities</b>	<b>288,062</b>	249,526
Commission and fee income	<b>20,410</b>	23,418
Commission and fee expense	<b>(2,026)</b>	(1,714)
<b>Net commission and fee income</b>	<b>18,384</b>	21,704
Gain from foreign exchange operations	<b>3,163</b>	1,584
<b>Net operating income</b>	<b>309,609</b>	272,814
General and administrative expenses	<b>(39,896)</b>	(34,295)
Depreciation and amortisation	<b>(3,385)</b>	(2,911)
Impairment of financial investments	<b>(20,000)</b>	--
Impairment of receivables and financing activities	<b>(10,051)</b>	(5,000)
<b>Net profit for the period before share of profit of holders in unrestricted investment accounts</b>	<b>236,277</b>	230,608
Less: Share of holders of unrestricted investment accounts in the net profit	<b>(60,767)</b>	(71,613)
<b>Net profit for the period due to shareholders</b>	<b>175,510</b>	158,995
<b>Earnings per share (basic and diluted) (QR.)</b>	<b>1.16</b>	1.11

THE ATTACHED NOTES 1 TO 7 FORM PART OF THESE INTERIM CONDENSED FINANCIAL  
STATEMENTS

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three month period ended March 31, 2012

	<u>Note</u>	<u>Share capital</u>	<u>Legal reserve</u>	<u>Fair value reserve</u>	<u>Risk reserve</u>	<u>Foreign currency reserve</u>	<u>Other reserves</u>	<u>Proposed cash dividends</u>	<u>Retained earnings</u>	<u>Total</u>
		<u>QR.'000</u>	<u>QR.'000</u>	<u>QR.'000</u>	<u>QR.'000</u>	<u>QR.'000</u>	<u>QR.'000</u>	<u>QR.'000</u>	<u>QR.'000</u>	<u>QR.'000</u>
<b>Balance at January 1, 2012</b>		1,513,687	2,452,360	107,309	167,869	(10,651)	32,896	529,790	100,000	4,893,260
Dividends paid	4	--	--	--	--	--	--	(529,790)	--	(529,790)
Transfer to retained earnings		--	--	--	--	--	(2,034)	--	2,034	--
Translation difference		--	--	--	--	(5,390)	--	--	--	(5,390)
Profit for the period		--	--	--	--	--	--	--	175,510	175,510
Net movement in fair value reserve		--	--	(2,453)	--	--	--	--	--	(2,453)
<b>Balance at March 31, 2012</b>		<b>1,513,687</b>	<b>2,452,360</b>	<b>104,856</b>	<b>167,869</b>	<b>(16,041)</b>	<b>30,862</b>	<b>-</b>	<b>277,544</b>	<b>4,531,137</b>

THE ATTACHED NOTES 1 TO 7 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the three month period ended March 31, 2012

	Note	Share capital	Legal reserve	Fair value reserve	Risk reserve	Foreign currency reserve	Other reserves	Proposed cash dividends	Retained earnings	Total
		QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000	QR.'000
Balance at January 1, 2011		1,387,546	1,651,369	66,074	152,869	(1,866)	40,800	520,330	176	3,817,298
Dividends paid	4	--	--	--	--	--	--	(520,330)	--	(520,330)
Increase of share capital		126,141	800,993	--	--	--	--	--	--	927,134
Net income for the period		--	--	--	--	--	--	--	158,995	158,995
Net movement in fair value reserve		--	--	67,338	--	--	--	--	--	67,338
Balance at March 31, 2011		<u>1,513,687</u>	<u>2,452,362</u>	<u>133,412</u>	<u>152,869</u>	<u>(1,866)</u>	<u>40,800</u>	<u>--</u>	<u>159,171</u>	<u>4,450,435</u>

THE ATTACHED NOTES 1 TO 7 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

For the three month period ended March 31, 2012

	<u>Note</u>	<b>Three Month Period Ended March 31, 2012</b>	<b>March 31, 2011</b>
		<b>(Reviewed) QR.'000</b>	<b>(Reviewed) QR.'000</b>
<b>Net cash flows used in operating activities</b>		<b>613,543</b>	<b>(1,365,771)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of financial investments		<b>(211,368)</b>	<b>(1,569,052)</b>
Purchase of property and equipment		<b>(1,268)</b>	<b>(1,223)</b>
Proceeds from sale of financial investments		<b>693,778</b>	<b>127,129</b>
Dividends received from investment in associate		<b>2,034</b>	<b>--</b>
Purchase of investment properties		<b>(76,861)</b>	<b>(13,729)</b>
<b>Net cash flow from/ (used in) investing activities</b>		<b>406,315</b>	<b>(1,456,875)</b>
<b>FINANCING ACTIVITIES</b>			
Net (decrease) / increase in holders of unrestricted investment accounts		<b>(183,604)</b>	<b>810,934</b>
Dividends paid		<b>(529,790)</b>	<b>(520,330)</b>
New shares issued		<b>--</b>	<b>927,134</b>
Support and social activities paid		<b>(16,326)</b>	<b>--</b>
<b>Net cash flow (used in) /from financing activities</b>		<b>(713,394)</b>	<b>1,217,738</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>306,464</b>	<b>(1,604,908)</b>
Cash and cash equivalents at the beginning of the period		<b>5,890,199</b>	<b>5,480,675</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>6,196,663</b>	<b>3,875,767</b>

THE ATTACHED NOTES 1 TO 7 FORM PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

# QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

### 1 STATUS AND ACTIVITIES

Qatar International Islamic Bank (Q.S.C.) (“the Bank”) was incorporated under Amiri Decree No. 52 of 1990. The Bank operates through its head office located on Grand Hamad Street in Doha and fifteen local branches. The Bank is listed and its shares are traded on the Qatar Exchange.

The Bank is engaged in banking, financing and investing activities in accordance with its Articles of Incorporation, Islamic Shari’a principles and regulations of Qatar Central Bank.

### 2 ACCOUNTING POLICIES

These interim condensed financial statements are prepared in accordance with the Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”) and Qatar Central Bank regulations. The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2011.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with FAS as issued by AAOIFI. In addition, the results for the three months ended March 31, 2012 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2012.

### 3 SEGMENT INFORMATION

For management purposes, the Bank is organised into business units based on their products and services and has reportable operating segments as follows:

- Retail financing
- Commercial (SME) financing
- Corporate financing
- Investment and treasury

March 31, 2012

	<u>Retail Financing</u>	<u>Commercial (SME) Financing</u>	<u>Corporate Financing</u>	<u>Investment and Treasury</u>	<u>Total</u>
<u>Assets</u>					
Balances and investments with banks and other financial institutions	--	--	--	5,723,053	5,723,053
Financial Investments	--	--	--	3,833,824	3,833,824
Investment in Associate	--	--	--	367,158	367,158
Investment Properties	--	--	--	951,309	951,309
Receivables and balances from financial activities	3,548,746	1,132,397	5,831,656	18,206	10,531,005
Net segment assets					21,406,349
Other asset					1,885,696
Total assets					<u>23,292,045</u>
<u>Liabilities and Shareholder Equity</u>					
Customer’s and banks’ Current accounts	3,035,280	281,055	1,019,096	24,083	4,359,514
Holder’s of unrestricted investment accounts	10,745,426	296,329	1,563,120	1,345,364	13,950,239
Net segment liabilities					18,309,753
Other liabilities					451,155
Shareholders equity					4,531,137
Total liabilities and equity					<u>23,292,045</u>
Operating revenue	67,398	24,858	90,728	126,625	309,609

# QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2012

### 3 SEGMENT INFORMATION (CONTINUED)

March 31, 2011

	<u>Retail Financing</u>	<u>Commercial (SME) Financing</u>	<u>Corporate Financing</u>	<u>Investment and Treasury</u>	<u>Total</u>
<u>Assets</u>					
Balances and investments with banks and other financial institutions	--	--	--	4,646,633	4,646,633
Financial Investments	--	--	--	3,131,355	3,131,355
Investment in Associate	--	--	--	227,001	227,001
Investment Properties	--	--	--	704,190	704,190
Receivables and balances from financial activities	<u>2,894,524</u>	<u>869,721</u>	<u>5,253,323</u>	<u>32,589</u>	<u>9,050,157</u>
Net segment assets					17,759,336
Other asset					2,392,216
Total assets					<u>20,151,552</u>
<u>Liabilities and Shareholder Equity</u>					
Customer's and banks' Current accounts	2,415,872	111,955	804,943	26,640	3,359,410
Holder's of unrestricted investment accounts	<u>8,720,861</u>	<u>400,032</u>	<u>2,280,823</u>	<u>682,728</u>	<u>12,084,444</u>
Net segment liabilities					15,443,854
Other liabilities					257,263
Shareholders equity					4,450,435
Total liabilities and equity					<u>20,151,552</u>
Operating revenue	<u>65,920</u>	<u>28,929</u>	<u>118,079</u>	<u>59,886</u>	<u>272,814</u>

### 4 CASH DIVIDENDS

On March 5, 2012, the Bank's general assembly approved the board of directors recommendation to pay cash dividends for the year 2011 representing 35% of its paid up capital equivalent to QR 3.5 per share (2010: QR 3.75 per share).

### 5 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents include cash and balances with Qatar Central Bank, excluding the cash reserve, and due from banks and other financial institutions.

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended March 31, 2012

**6 CONTINGENT LIABILITIES**

	<b>March 31, 2012</b>	December 31, 2011
	<b>(Reviewed)</b>	(Audited)
	<b>QR.'000</b>	QR.'000
<b>a) Deferred or contingent commitments</b>		
Acceptances	39,282	39,245
Documentary credits	376,439	305,389
Letters of guarantees	834,171	913,115
Collection notes	12,881	11,062
	<b>1,262,773</b>	1,268,811
<b>b) Other contracts and commitments</b>		
Commitments and unused credit limits	68,075	67,902
	<b>68,075</b>	67,902
<b>Total</b>	<b>1,330,848</b>	1,336,713

**7. RELATED PARTY TRANSACTIONS**

The Bank carries out various transactions in the ordinary course of business with shareholders or with members of the Board of Directors and the companies in which they have significant interests, on terms similar to those carried out with unrelated third parties.

The amount outstanding/transactions during the period / year with members of the Board or the companies in which they have significant interests were as follows:

	<b>March 31, 2012</b>		December 31, 2011	
	<b>(Reviewed)</b>		(Audited)	
	<b>Board of directors</b>	<b>Others</b>	Board of directors	Others
	<b>QR'000</b>	<b>QR'000</b>	QR'000	QR'000
<b>Balance sheet items:</b>				
<b>Assets</b>				
Murabaha and Musawama	43,738	12,098	33,989	28,721
Isetesna	--	--	75,948	--
Ijarah	47,658	--	49,828	--
	<b>91,396</b>	<b>12,098</b>	159,765	28,721
<b>Liabilities</b>				
Current account balances	11,037	18,653	5,583	29,883
Unrestricted investment deposits	125,137	193,472	101,816	285,258
	<b>136,174</b>	<b>212,125</b>	107,399	315,141
<b>Off balance sheet items:</b>				
Letter of credits, letter of guarantees and acceptances	3,284	--	600	6,637

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended March 31, 2012

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**7. RELATED PARTY TRANSACTIONS (CONTINUED)**

	<b>For the three Month Period Ended</b>	
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR'000</b>	<b>QR'000</b>
<b>Statement of income items</b>		
Fees and commission income	<b>3,568</b>	<b>544</b>
	<b>10,385</b>	<b>1,867</b>