

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

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2012
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT

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

INTERIM CONDENSED FINANCIAL STATEMENTS

For the nine month period ended September 30, 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 September 30, 2012, and the related interim condensed statements of income for the three and nine months ended September 30, 2012, the interim condensed statements of changes in shareholders' equity, and cash flows for the nine 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

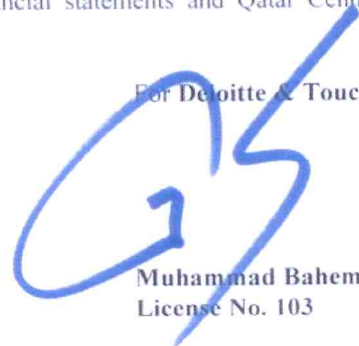
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for 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.

Doha – Qatar
October 30, 2012

For Deloitte & Touche



Muhammad Bahemia
License No. 103

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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at September 30, 2012

	September 30, 2012 (Reviewed) QR'000	September 30, 2011 (Reviewed) QR'000	December 31, 2011 (Audited) QR'000
ASSETS			
Cash and balances with Qatar Central Bank	2,229,421	1,117,780	934,530
Balances and investments with banks and other financial institutions	3,593,022	4,429,979	5,734,175
Receivables and balances from financing activities	12,621,313	11,540,715	10,588,963
Financial investments	4,081,693	3,271,066	4,259,060
Investment in associates	370,774	388,594	365,231
Investment properties held for leasing	233,965	236,160	236,279
Investment properties held for trading	766,120	675,440	639,636
Property and equipment	184,371	187,526	185,531
Other assets	467,208	349,792	414,221
Total assets	24,547,887	22,197,052	23,357,626
LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDERS' EQUITY			
Liabilities			
Current accounts from banks and financial institutions	26,805	71,905	15,997
Customers' current accounts	4,297,618	3,410,673	3,952,019
Other liabilities	384,781	522,762	357,592
Total Liabilities	4,709,204	4,005,340	4,325,608
Holders of Unrestricted Investment Accounts	14,957,225	13,399,073	14,138,758
Shareholders' Equity			
Share capital	1,513,687	1,513,687	1,513,687
Legal reserve	2,452,360	2,452,362	2,452,360
Fair value reserve	97,925	130,160	107,309
Risk reserve	167,869	152,869	167,869
Foreign currency translation reserve	(14,093)	(1,261)	(10,651)
Other reserves	30,862	35,364	32,896
Proposed dividends	--	--	529,790
Retained earnings	632,848	509,458	100,000
Total Shareholders' Equity	4,881,458	4,792,639	4,893,260
Total Liabilities, Holders of Unrestricted Investment Accounts and Shareholders' Equity	24,547,887	22,197,052	23,357,626

These interim condensed financial statements were approved by the Board of Directors on 30th October, 2012 and signed on its behalf by the following:



Dr. Khaled bin Thani bin Abdullah Al Thani
Chairman and Managing Director



Abdulbasit Ahmed Abdulrahman 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.)
DOHA - QATAR

INTERIM CONDENSED STATEMENT OF INCOME

For the three and nine month period ended September 30, 2012

	Three Month Period Ended		Nine Month Period Ended	
	September 30,		September 30,	
	2012 (Reviewed) QR.'000	2011 (Reviewed) QR.'000	2012 (Reviewed) QR.'000	2011 (Reviewed) QR.'000
Income from financing activities	194,100	225,615	573,104	645,476
Income from investing activities	81,407	50,985	249,551	147,569
Total income from financing and investing activities	275,507	276,600	822,655	793,045
Commission and fee income	17,823	11,647	57,030	60,505
Commission and fee expense	(5,550)	(7,900)	(15,023)	(11,348)
Net commission and fee income	12,273	3,747	42,007	49,157
Gain from foreign exchange operations	3,909	688	8,936	5,205
NET OPERATING INCOME	291,689	281,035	873,598	847,407
General and administrative expenses	(37,492)	(35,598)	(109,909)	(117,901)
Depreciation and amortisation	(3,608)	(3,752)	(10,359)	(9,559)
Impairment of Investments	(12,851)	--	(44,504)	(15,000)
Reversal of provision for impairment of financing activities	10,051	--	10,051	--
Provision for impairment of financing activities	--	--	(10,051)	--
NET PROFIT FOR THE PERIOD BEFORE SHARE OF PROFIT OF HOLDERS IN UNRESTRICTED INVESTMENT ACCOUNTS	247,789	241,685	708,826	704,947
Less: Share of holders of unrestricted investment accounts in the net profit	(57,063)	(60,166)	(178,012)	(201,101)
NET PROFIT FOR THE PERIOD DUE TO SHAREHOLDERS	190,726	181,519	530,814	503,846
BASIC EARNINGS PER SHARE (QR)	1.26	1.19	3.51	3.32

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine month period ended September 30, 2012

	Note	Share capital	Legal reserve	Fair value reserve	Risk reserve	Foreign currency reserve	Proposed			Total
							Other reserves	cash dividends	Retained earnings	
		QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
Balance at January 1, 2012		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	--
Net income for the period		--	--	--	--	--	--	--	530,814	530,814
Foreign currency reserve		--	--	--	--	(3,442)	--	--	--	(3,442)
Net movement in fair value reserve		--	--	(9,384)	--	--	--	--	--	(9,384)
Balance at September 30, 2012		1,513,687	2,452,360	97,925	167,869	(14,093)	30,862	--	632,848	4,881,458

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

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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the nine month period ended September 30, 2012

	Share capital		Legal reserve		Fair value reserve		Risk reserve		Foreign currency reserve		Proposed cash dividends		Retained earnings		Total		
	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	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	--	--	--	--	--	--	--	--	--	--	--	--	(520,330)	--	--	--	(520,330)
Increase of share capital (special issuance *)	126,141		800,993		--	--	--	--	--	--	--	--	--	--	--	--	927,134
Net income for the period	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	503,846
Foreign currency reserve	--	--	--	--	--	--	--	--	605	--	--	--	--	--	--	--	605
Dividends received from investment in associates	--	--	--	--	--	--	--	--	--	--	(5,436)	--	--	--	5,436	--	--
Net movement in fair value reserve	--	--	--	--	64,086	--	--	--	--	--	--	--	--	--	--	--	64,086
Balance at September 30, 2011	1,513,687		2,452,362		130,160		152,869		(1,261)		35,364		--		509,458		4,792,639

* On January 17, 2011, the Bank received QR. 927,134 thousands representing the final payment of Qatar Investment Authority's contribution in the Bank's share capital (12.614,062 ordinary shares at par value QR. 10 and share premium of QR. 63.5 per share). The formal increase in the Bank's paid up capital has taken place after the Bank's Annual General Assembly Meeting held on March 1, 2011.

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

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

For the nine month period ended September 30, 2012

	Nine Months Ended		Year ended
	September 30,		December 31,
	2012	2011	2011
Note	(Reviewed)	(Reviewed)	(Audited)
	QR.'000	QR.'000	QR.'000
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	(1,174,430)	(1,302,070)	76,764
INVESTING ACTIVITIES			
Purchase of financial investments	(1,946,794)	(1,954,761)	(3,199,577)
Purchase of property and equipment	(6,523)	(3,568)	(4,308)
Acquisition of investments in associates	--	(167,164)	(167,164)
Proceeds from sale of financial investment	2,102,589	440,897	633,649
Proceeds from sale of property and equipment	293	--	--
Purchase of investment properties	(168,460)	(222,445)	(240,812)
Dividends received from investment in associates	--	5,436	7,861
NET CASH FLOW USED IN INVESTING ACTIVITIES	(18,895)	(1,901,605)	(2,970,351)
FINANCING ACTIVITIES			
Net increase in holders of unrestricted investment accounts	811,590	2,123,318	2,896,312
Dividends paid	(529,790)	(520,330)	(520,330)
Increase in share capital	--	927,132	927,132
NET CASH FLOW FROM FINANCING ACTIVITIES	281,800	2,530,120	3,303,114
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(911,525)	(673,555)	409,527
Cash and cash equivalents at the beginning of the period	5,890,199	5,480,675	5,480,672
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	4,978,674	4,807,120	5,890,199

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

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

1. STATUS AND ACTIVITIES

Qatar International Islamic Bank (Q.S.C.) ("the Bank") was incorporated under the 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, the 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 issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, Qatar Central Bank regulations and presented in accordance with the International Accounting Standard (IAS) 34 - Interim Financial Reporting. 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 Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI"). In addition, the results for the nine months ended September 30, 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

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

3. SEGMENT INFORMATION (CONTINUED)

September 30, 2012

	Retail Financing	Commercial (SME) Financing	Corporate Financing	Investment and Treasury	Total
<u>Assets</u>					
Balances and investments with banks and other financial institutions	--	--	--	3,593,022	3,593,022
Financial investments	--	--	--	4,081,693	4,081,693
Investment in associate	--	--	--	370,774	370,774
Investment properties	--	--	--	1,000,085	1,000,085
Receivables and balances from financial activities	4,698,965	1,356,064	6,545,962	20,322	12,621,313
Net segment assets					21,666,887
Other assets					2,881,000
Total assets					<u>24,547,887</u>
<u>Liabilities and Shareholder' Equity</u>					
Current accounts from Bank and financial institutions	3,031,997	229,723	1,035,898	26,805	4,324,423
Holder's of unrestricted investment accounts	10,471,782	383,759	2,356,207	1,745,477	14,957,225
Net segment liabilities					19,281,648
Other liabilities					384,781
Shareholders' equity					4,881,458
Total liabilities and Shareholders' equity					<u>24,547,887</u>
Operating revenue	191,806	69,195	442,515	170,082	873,598

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

3. SEGMENT INFORMATION (CONTINUED)

December 31, 2011	Retail Financing	Commercial (SME) Financing	Corporate Financing	Investment and Treasury	Total
<u>Assets</u>					
Balances and investments with banks and other financial institutions	--	--	--	5,734,175	5,734,175
Financial investments	--	--	--	4,259,060	4,259,060
Investment in associate	--	--	--	365,231	365,231
Investment properties	--	--	--	875,915	875,915
Receivables and balances from financial activities	3,321,024	1,095,158	6,148,519	24,262	10,588,963
Net segment assets					21,823,344
Other assets					1,534,282
Total assets					<u>23,357,626</u>
<u>Liabilities and Shareholder' Equity</u>					
Current accounts from banks and financial institutions	3,299,485	212,170	440,364	15,997	3,968,016
Holder's of unrestricted investment accounts	10,893,208	300,089	1,582,954	1,362,507	14,138,758
Net segment liabilities					18,106,774
Other liabilities					357,592
Shareholders' equity					4,893,260
Total liabilities and Shareholders' equity					<u>23,357,626</u>
September 30, 2011:					
Operating revenue	177,737	79,743	518,496	71,431	847,407

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 (2011: QR 3.75 per share).

**QATAR INTERNATIONAL ISLAMIC BANK (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

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.

6. CONTINGENT LIABILITIES

	September 30, 2012	December 31, 2011
	(Reviewed)	(Audited)
	QR.'000	QR.'000
(a) Deferred or contingent commitments		
Documentary credits	260,790	305,389
Acceptances	36,292	39,245
Letters of guarantees	971,676	913,115
Collection notes	14,502	11,062
	<u>1,283,260</u>	<u>1,268,811</u>
(b) Other contracts and commitments		
Commitments and unused credit limits	609,163	67,902
	<u>1,892,423</u>	<u>1,336,713</u>

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

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:

	September 30, 2012		December 31, 2011	
	Board of directors	Others	Board of directors	Others
	QR'000	QR'000	QR'000	QR'000
Statement of financial position items:				
Assets				
Wakala investment	--	300,000	--	--
Murabaha and Musawama	9,403	103,757	33,989	28,721
Istisna	--	--	75,948	--
Ijarah	131,317	90,664	49,828	--
Deals under execution	--	--	--	--
	<u>140,720</u>	<u>494,421</u>	<u>159,765</u>	<u>28,721</u>
Liabilities				
Current account balances	5,652	24,166	5,583	29,883
Unrestricted investment deposits	55,981	314,249	101,816	285,258
	<u>61,633</u>	<u>338,415</u>	<u>107,399</u>	<u>315,141</u>
Off balance sheet items:				
Letter of credits, letter of guarantees and acceptances	600	14,772	600	6,637
Statement of income items				
Fees and commission income	9,146	12,620	10,385	1,867
Income from investing activities	--	3,196	--	--