

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

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

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

INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

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Tel : +974 44341112  
Fax : +974 44422131  
www.deloitte.com

## 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 June 30, 2012, and the related interim condensed statements of income for the three and six months then ended and the changes in shareholders’ equity, and cash flows for the six month periods 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.

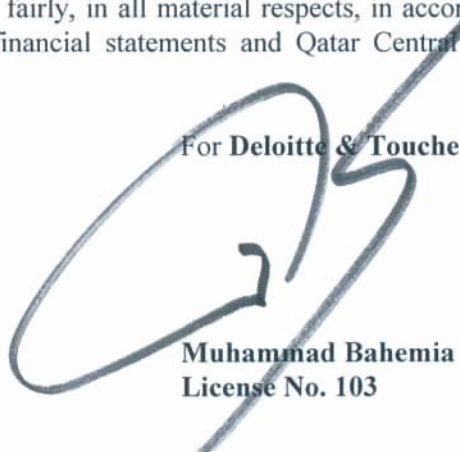
### Scope of review

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



**Muhammad Bahemia  
License No. 103**

**Doha – Qatar  
July 19, 2012**

Member of Deloitte Touche Tohmatsu Limited

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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2012**

	<b>June 30, 2012 (Reviewed) QR'000</b>	<b>June 30, 2011 (Reviewed) QR'000</b>	<b>December 31, 2011 (Audited) QR'000</b>
<b>ASSETS</b>			
Cash and balances with Qatar Central Bank	1,152,402	1,449,421	934,530
Balances and investments with banks and other financial institutions	5,581,426	5,626,580	5,734,175
Receivables and balances from financing activities	11,424,879	10,122,058	10,588,963
Financial investments	3,656,395	3,227,439	4,259,060
Investment in associates	377,398	388,594	365,231
Investment properties held for leasing	234,877	235,815	236,279
Investment properties held for trading	746,319	660,143	639,636
Property and equipment	182,789	189,036	185,531
Other assets	346,748	274,171	414,221
<b>Total assets</b>	<b>23,703,233</b>	<b>22,173,257</b>	<b>23,357,626</b>
<b>LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
Current accounts from banks and financial institutions	77,700	19,359	15,997
Customers' current accounts	4,581,361	3,706,110	3,952,019
Other liabilities	447,656	471,328	357,592
<b>Total Liabilities</b>	<b>5,106,717</b>	<b>4,196,797</b>	<b>4,325,608</b>
<b>Holders of Unrestricted Investment Accounts</b>	<b>13,899,969</b>	<b>13,361,031</b>	<b>14,138,758</b>
<b>Shareholders' Equity</b>			
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	100,825	135,074	107,309
Risk reserve	167,869	152,869	167,869
Foreign currency translation reserve	(11,178)	(1,866)	(10,651)
Other reserves	30,862	40,800	32,896
Proposed cash dividends	--	--	529,790
Retained earnings	442,122	322,503	100,000
<b>Total Shareholders' Equity</b>	<b>4,696,547</b>	<b>4,615,429</b>	<b>4,893,260</b>
<b>Total Liabilities, Holders of Unrestricted Investment Accounts and Shareholders' Equity</b>	<b>23,703,233</b>	<b>22,173,257</b>	<b>23,357,626</b>

These interim condensed financial statements were approved by the Board of Directors on July 19, 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.)  
DOHA - QATAR**

**INTERIM CONDENSED STATEMENT OF INCOME  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2012**

	<b>Three Month Period Ended June 30,</b>		<b>Six Month Period Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.'000</b>	<b>QR.'000</b>	<b>QR.'000</b>	<b>QR.'000</b>
Income from financing activities	<b>188,871</b>	222,424	<b>379,004</b>	419,861
Income from investing activities	<b>70,215</b>	44,495	<b>168,144</b>	96,584
<b>Total income from financing and investing activities</b>	<b>259,086</b>	266,919	<b>547,148</b>	516,445
Commission and fee income	<b>18,797</b>	25,440	<b>39,207</b>	48,858
Commission and fee expense	<b>(7,447)</b>	(1,868)	<b>(9,473)</b>	(3,582)
<b>Net commission and fee income</b>	<b>11,350</b>	23,572	<b>29,734</b>	45,276
Gain from foreign exchange operations	<b>1,864</b>	2,933	<b>5,027</b>	4,517
<b>NET OPERATING INCOME</b>	<b>272,300</b>	293,424	<b>581,909</b>	566,238
General and administrative expenses	<b>(32,521)</b>	(47,874)	<b>(72,417)</b>	(82,169)
Depreciation and amortisation	<b>(3,366)</b>	(2,896)	<b>(6,751)</b>	(5,807)
Impairment of Investments	<b>(11,653)</b>	--	<b>(31,653)</b>	--
Provision for impairment of financing activities	<b>--</b>	(10,000)	<b>(10,051)</b>	(15,000)
<b>NET PROFIT FOR THE PERIOD BEFORE SHARE OF PROFIT OF HOLDERS IN UNRESTRICTED INVESTMENT DEPOSITS</b>	<b>224,760</b>	232,654	<b>461,037</b>	463,262
Less: Share of holders of unrestricted investment accounts in the net profit	<b>(60,182)</b>	(69,322)	<b>(120,949)</b>	(140,935)
<b>NET PROFIT FOR THE PERIOD DUE TO SHAREHOLDERS</b>	<b>164,578</b>	163,332	<b>340,088</b>	322,327
<b>BASIC EARNINGS PER SHARE (QR)</b>	<b>1.09</b>	1.11	<b>2.25</b>	2.19

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 SIX MONTH PERIOD ENDED JUNE 30, 2012**

	Note	Share capital	Legal reserve	Fair value reserve	Risk reserve	Foreign currency reserve	Other reserves	Proposed		Retained earnings	Total
								cash dividends	QR'000		
<b>Balance at January 1, 2012</b>		<b>1,513,687</b>	<b>2,452,360</b>	<b>107,309</b>	<b>167,869</b>	<b>(10,651)</b>	<b>32,896</b>	<b>529,790</b>	<b>100,000</b>	<b>4,893,260</b>	
Dividends paid	4	--	--	--	--	--	--	(529,790)	--	(529,790)	
Transfer to retained earnings		--	--	--	--	--	(2,034)	--	2,034	--	
Net income for the period		--	--	--	--	--	--	--	340,088	340,088	
Translation difference		--	--	--	--	(527)	--	--	--	(527)	
Net movement in fair value reserve		--	--	(6,484)	--	--	--	--	--	(6,484)	
<b>Balance at June 30, 2012</b>		<b>1,513,687</b>	<b>2,452,360</b>	<b>100,825</b>	<b>167,869</b>	<b>(11,178)</b>	<b>30,862</b>	<b>--</b>	<b>442,122</b>	<b>4,696,547</b>	

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 SIX MONTH PERIOD ENDED JUNE 30, 2012**

	Note	Share capital	Legal reserve	Fair value reserve	Risk reserve	Foreign		Proposed		Total
						currency reserve	Other reserves	cash dividends	Retained earnings	
		QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000	QR'000
<b>Balance at January 1, 2011</b>		<b>1,387,546</b>	<b>1,651,369</b>	<b>66,074</b>	<b>152,869</b>	<b>(1,866)</b>	<b>40,800</b>	<b>520,330</b>	<b>176</b>	<b>3,817,298</b>
Dividends paid 2010	4	--	--	--	--	--	--	(520,330)	--	(520,330)
Increase of share capital (special issuance *)		126,141	800,993	--	--	--	--	--	--	927,134
Net income for the period		--	--	--	--	--	--	--	322,327	322,327
Net movement in fair value reserve		--	--	69,000	--	--	--	--	--	69,000
<b>Balance at June 30, 2011</b>		<b>1,513,687</b>	<b>2,452,362</b>	<b>135,074</b>	<b>152,869</b>	<b>(1,866)</b>	<b>40,800</b>	<b>--</b>	<b>322,503</b>	<b>4,615,429</b>

On January 17, 2011, the bank received QR. 927,134 thousand 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 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 CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

	<b>Six Months Ended June 30,</b>		<b>Year ended</b>
	<b>2012</b>	<b>2011</b>	<b>December 31,</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>	<b>2011</b>
<b>Note</b>	<b>QR.'000</b>	<b>QR.'000</b>	<b>(Audited)</b>
			<b>QR.'000</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>335,999</b>	<b>220,076</b>	<b>147,022</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of financial investments	(800,004)	(1,743,497)	(3,199,577)
Purchase of property and equipment	(2,343)	(2,426)	(4,308)
Proceeds from investments in associates	--	(167,164)	(167,164)
Proceeds from sale of financial investment	1,399,042	282,801	626,111
Purchase of investment properties	(107,106)	(205,703)	(278,524)
Dividends received from investment in associates	2,034	5,436	7,861
<b>NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES</b>	<b>491,623</b>	<b>(1,830,553)</b>	<b>(3,015,601)</b>
<b>FINANCING ACTIVITIES</b>			
Net (decrease) increase in holders of unrestricted investment accounts	(298,971)	2,085,721	2,871,304
Dividends paid	(529,790)	(520,330)	(520,330)
Increase in share capital	--	927,134	927,134
<b>NET CASH FLOW (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(828,761)</b>	<b>2,492,525</b>	<b>3,278,106</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,139)</b>	<b>882,048</b>	<b>409,527</b>
Cash and cash equivalents at the beginning of the period	5,890,199	5,480,675	5,480,672
<b>CASH AND CASH EQUIVALENTS - END OF THE PERIOD</b>	<b>5 6,981,703</b>	<b>6,362,723</b>	<b>5,890,199</b>

The attached notes 1 to 7 form part of these interim condensed financial statements

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

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**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 six months ended June 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.)  
DOHA - QATAR**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012

**3 SEGMENT INFORMATION (CONTINUED)**

**June 30, 2012**

	<b>Retail Financing</b>	<b>Commercial (SME) Financing</b>	<b>Corporate Financing</b>	<b>Investment and Treasury</b>	<b>Total</b>
<u>Assets</u>					
Balances and investments with banks and other financial institutions	--	--	--	5,581,426	5,581,426
Financial Investments	--	--	--	3,656,395	3,656,395
Investment in Associate	--	--	--	377,398	377,398
Investment Properties	--	--	--	981,196	981,196
Receivables and balances from financial activities	3,421,493	1,333,302	6,654,087	15,997	11,424,879
Net segment assets					22,021,294
Other asset					1,681,939
Total assets					<u>23,703,233</u>
<u>Liabilities and Shareholder Equity</u>					
Customer's and banks' Current accounts	3,200,740	317,541	1,063,080	77,700	4,659,061
Holder's of unrestricted investment accounts	10,531,452	424,384	2,095,854	848,279	13,899,969
Net segment liabilities					18,559,030
Other liabilities					447,656
Shareholders' equity					4,696,547
Total liabilities and equity					<u>23,703,233</u>
Operating revenue	151,087	44,763	252,769	133,290	581,909

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

**3 SEGMENT INFORMATION (CONTINUED)**

<b>December 31, 2011</b>		<b>Retail Financing</b>	<b>Commercial (SME) Financing</b>	<b>Corporate Financing</b>	<b>Investment and Treasury</b>	<b>Total</b>
<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 asset						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
Customers current accounts & URIA		10,756,717	296,329	1,563,120	1,345,364	13,961,530
Net segment liabilities						17,929,546
Other liabilities						534,820
Shareholders' equity						4,893,260
Total liabilities and equity						<u>23,357,626</u>
<b>June 30, 2011:</b>						
Operating revenue		163,949	43,545	259,601	99,163	566,258

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012**

**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).

**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**

	<u>June 30, 2012</u> (Reviewed) QR.'000	<u>December 31, 2011</u> (Audited) QR.'000
<b>(a) Deferred or contingent commitments</b>		
Documentary credits	401,759	305,389
Acceptances	42,741	39,245
Letters of guarantees	911,173	913,115
Collection notes	13,063	11,062
	<u>1,368,736</u>	<u>1,268,811</u>
<b>(b) Other contracts and commitments</b>		
Commitments and unused credit limits	507,230	67,902
	<u>1,875,966</u>	<u>1,336,713</u>

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED JUNE 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:

	<b>June 30, 2012</b>		<b>December 31, 2011</b>	
	<b>Board of directors</b>	<b>Others</b>	<b>Board of directors</b>	<b>Others</b>
	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>
<b>Statement of financial position items:</b>				
<b>Assets</b>				
Murabaha and Musawama	17,010	20,922	33,989	28,721
Istisna	--	--	75,948	--
Ijarah	47,669	92,343	49,828	--
	<u>64,679</u>	<u>113,265</u>	<u>159,765</u>	<u>28,721</u>
<b>Liabilities</b>				
Current account balances	8,995	83,956	5,583	29,883
Unrestricted investment deposits	86,622	388,333	101,816	285,258
	<u>95,617</u>	<u>472,289</u>	<u>107,399</u>	<u>315,141</u>
<b>Off balance sheet items:</b>				
Letter of credits, letter of guarantees and acceptances	500	34,407	600	6,637
	<u>500</u>	<u>34,407</u>	<u>600</u>	<u>6,637</u>
<b>Statement of income items</b>				
Fees and commission income	3,234	5,663	10,385	1,867
Income from investing activities	--	36,452	--	--