

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

**INTERIM CONDENSED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED  
MARCH 31, 2011  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2011**

---

**TABLE OF CONTENTS**

Independent Auditor's Review Report	--
	<b><u>Page</u></b>
Interim Condensed Financial Position	1
Interim Condensed Income Statement of Income	2
Interim Condensed Statement of Changes in Shareholder's Equity	3- 4
Interim Condensed Statement of Cash Flows	5
Notes to the Interim Condensed Financial Statements	6 - 8

## **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, 2011, 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 and 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 17, 2011**

**Muhammad Bahemia**  
**License No. 103**

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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2011**

	<b>March 31, 2011</b>	December 31, 2010
	<b>(Reviewed)</b>	(Audited)
	<b>QR.'000</b>	QR.'000
<b>ASSETS</b>		<b>343,044</b>
Cash and balances with Qatar Central Bank	1,872,224	954,630
Balances and investments with banks and other financial institutions	2,646,633	5,148,012
Receivables and balances from financing activities	11,050,157	9,177,747
Financial investments	3,131,355	1,694,264
Investment in associates	227,011	227,864
Investment properties held for leasing	628,570	343,044
Investment properties held for trading	75,620	74,764
Property and equipment	190,462	216,147
Other assets	329,531	342,469
	-----	-----
<b>TOTAL ASSETS</b>	<b>20,151,552</b>	<b>18,178,941</b>
	=====	=====
<b>LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDER'S EQUITY</b>		
<b>LIABILITIES</b>		
Current accounts for banks and financial institutions	28,640	100,110
Customers' current accounts	3,330,770	2,836,131
Other liabilities	257,265	227,651
	-----	-----
<b>TOTAL LIABILITIES</b>	<b>3,616,675</b>	<b>3,163,892</b>
	-----	-----
<b>HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS</b>	<b>12,084,444</b>	<b>11,197,751</b>
	-----	-----
<b>EQUITY</b>		
Paid up share capital	1,513,687	1,387,546
Legal reserve	2,452,360	1,651,369
Fair value reserve	133,412	66,074
Risk reserve	152,869	152,869
Foreign currency reserve	(1,866)	(1,866)
Other risk	40,800	40,800
Proposed dividends	--	520,330
Retained earnings	159,172	176
	-----	-----
<b>TOTAL EQUITY</b>	<b>4,450,434</b>	<b>3,817,298</b>
	-----	-----
<b>TOTAL LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>	<b>20,151,552</b>	<b>18,178,941</b>
	=====	=====

These interim condensed financial statements were approved by the Board of Directors on April 17, 2011 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 8 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 MONTH PERIOD ENDED MARCH 31, 2011**

	<b>Three Month Period Ended</b>	
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
	<b>(Reviewed) QR.'000</b>	<b>(Reviewed) QR.'000</b>
Income from financing activities	195,943	209,036
Income from Investing activities	53,583	14,981
<b>Total income from financing and investing activities</b>	<b>249,526</b>	<b>224,017</b>
Commission and fee income	23,418	27,237
Commission and fee expense	(1,714)	(1,480)
<b>Net commission and fee income</b>	<b>21,704</b>	<b>25,757</b>
Gain / (loss) from foreign exchange operations	1,584	1,727
<b>NET OPERATING INCOME</b>	<b>272,814</b>	<b>251,501</b>
General and administrative expenses	(34,295)	(29,830)
Depreciation and amortisation	(2,911)	(2,824)
<b>Impairment of receivables and financing activities</b>	<b>5,000</b>	<b>--</b>
<b>NET PROFIT FOR THE PERIOD BEFORE SHARE OF PROFIT OF HOLDERS IN UNRESTRICTED INVESTMENT DEPOSITS</b>	<b>230,608</b>	<b>218,847</b>
Less: Share of holders of unrestricted investment accounts in the net profit	(71,613)	(77,876)
<b>NET PROFIT FOR THE PERIOD DUE TO SHAREHOLDERS</b>	<b>158,995</b>	<b>140,971</b>
<b>EARNINGS PER SHARE (BASIC AND DILUTED) (QR)</b>	<b>1.05</b>	<b>0.93</b>

The attached notes 1 to 8 form part of these interim condensed financial statements

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2011**

	<u>Note</u>	<i>Share capital</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Risk reserve</i>	<i>Foreign currency translation reserve</i>	<i>Other reserves</i>	<i>Proposed cash dividends</i>	<i>Retained earnings</i>	<i>Total</i>
		<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<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	4	--	--	--	--	--	--	(520,330)	--	(520,330)
Increase of share capital (special issuance*)		126,141	800,991	--	--	--	--	--	--	927,132
Net income for the period		--	--	67,338	--	--	--	--	--	67,338
Net movement in fair value reserve		--	--	--	--	--	--	--	158,995	158,995
Social and sport activities support	5	--	--	--	--	--	--	--	--	--
<b>Balance at March 31, 2011</b>		<b>1,513,687</b>	<b>2,452,360</b>	<b>133,412</b>	<b>152,869</b>	<b>(1,866)</b>	<b>40,800</b>	<b>--</b>	<b>159,171</b>	<b>4,450,433</b>

The attached notes 1 to 8 form part of these interim condensed financial statements

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

**INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2011**

	<u>Note</u>	<i>Share capital</i>	<i>Legal reserve</i>	<i>Fair value reserve</i>	<i>Risk reserve</i>	<i>Foreign currency reserve</i>	<i>Other reserves</i>	<i>Proposed cash dividends</i>	<i>Retained earnings</i>	<i>Total</i>
		<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
<b>Balance at January 1, 2010</b>		<b>1,387,547</b>	<b>1,651,367</b>	<b>54,772</b>	<b>126,869</b>	<b>(1,790)</b>	<b>20,787</b>	<b>529,791</b>	<b>30,005</b>	3,799,348
Dividends paid	4	--	--	--	--	--	--	(529,791)	--	(529,791)
Net income for the period		--	--	--	--	--	--	--	140,971	140,971
Net movement in fair value reserve		--	--	(4,521)	--	--	--	--	--	(4,521)
Social and sport activities support	5	--	--	--	--	--	--	--	(8,342)	(8,342)
<b>Balance at March 31, 2010</b>		<b>1,387,547</b>	<b>1,651,367</b>	<b>50,251</b>	<b>126,869</b>	<b>(1,790)</b>	<b>20,787</b>	<b>--</b>	<b>162,634</b>	<b>3,397,665</b>

The attached notes 1 to 8 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 THREE MONTH PERIOD ENDED MARCH 31, 2011**

	<b>Three Month Period Ended</b>	
	<b>March 31, 2011</b>	<b>March 31, 2010</b>
<b>Note</b>	<b>(Reviewed) QR.'000</b>	<b>(Reviewed) QR.'000</b>
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>(1,351,800)</b>	<b>(1,130,276)</b>
	-----	-----
<b>INVESTING ACTIVITIES</b>		
Purchase of financial investments	(1,569,052)	(33,035)
Purchase of property and equipment	(1,223)	(677)
Proceeds from sale of financial investments	127,129	38,634
Investment in associate		(9,800)
Purchase of investment properties	(13,729)	
	-----	-----
<b>Net cash flow (used in) / from investing activities</b>	<b>(1,456,875)</b>	<b>(4,878)</b>
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Net increase in holders of unrestricted investment accounts	810,934	368,144
Dividends paid	(520,330)	(529,791)
New shares issued	927,134	--
Social and sport activities support	(13,971)	
	-----	-----
<b>Net cash flow(used in) / from financing activities</b>	<b>1,203,767</b>	<b>(161,647)</b>
	-----	-----
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,604,908)</b>	<b>(1,296,801)</b>
Cash and cash equivalents at the beginning of the period	5,480,675	4,055,414
	-----	-----
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>6      3,875,767</b>	<b>2,758,613</b>
	=====	=====

The attached notes 1 to 8 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 THREE MONTH PERIOD ENDED MARCH 31, 2011**

---

**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 (14) 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 issued by the Accounting and Auditing Organisation for Islamic Financial Institutions 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, 2010 except for the following:

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 three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

**3 SEGMENT INFORMATION**

The Bank is organised into one main business segment, which comprises providing financing in accordance with the rules of the Islamic Sharia.

The geographical distribution of the Bank's income is summarised as follows:

	<b><u>Three Months Ended</u></b>	
	<b><u>March 31,</u></b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.'000</b>	<b>QR.'000</b>
<b>Income and expenditure:</b>		
International portfolio	53,583	14,981
Local portfolio	195,943	209,036
Other income	23,289	27,484
	-----	-----
<b>Total income</b>	<b>272,814</b>	<b>251,502</b>
Expenses and provisions	(42,207)	(32,654)
Depositor's share of profits	(71,613)	(77,877)
	-----	-----
<b>Net profit for the period</b>	<b>158,995</b>	<b>140,971</b>
	=====	=====

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

**NOTES TO THE INTERIM CONDENSED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2011**

---

**4 CASH DIVIDENDS**

On March 1, 2011, the Bank's general assembly approved the board of directors recommendation to pay cash dividends for the year 2010 representing 37.5% of its paid up capital and amounting to QR 3.75 per share (except for the new shares issued on December 30, 2010) for 2009 QR 4 per share

**5 SOCIAL & SPORTS ACTIVITIES SUPPORT**

In compliance with Law No 13 of 2008, the Bank is required to transfer an amount equivalent to 2.5% of its net profit (QR. 13.971) to the Ministry of Finance and Economy. During the period, the Bank transferred a total amount .

**6 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.

**7 CONTINGENT LIABILITIES**

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>QR.'000</b>	<b>QR.'000</b>
<b>(a) Deferred or contingent commitments</b>		
Documentary credits	342,655	290,928
Acceptances	56,966	19,663
Letters of guarantees	782,122	681,054
Collection notes	12,756	9,632
	-----	-----
	<b>1,194,499</b>	<b>1,001,277</b>
	-----	-----
<b>(b) Other contracts and commitments</b>		
Commitments and unused credit limits	231,466	395,415
Restricted investments balances	10,925	12,659
Istesna commitments	91,712	127,843
	-----	-----
	<b>334,103</b>	<b>535,917</b>
	-----	-----
<b>TOTAL</b>	<b>1,286,211</b>	<b>1,129,120</b>
	=====	=====

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

**NOTES TO THE INTERIM CONDENSED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2011**

**8 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, 2011</b>		December 31, 2010	
	<b>(Reviewed)</b>		<b>(Audited)</b>	
	<b>Board of</b>	<b>Others</b>	Board of	Others
	<b>Directors</b>	<b>Others</b>	Directors	Others
	<b>QR'000</b>	<b>QR'000</b>	QR'000	QR'000
<b>Balance sheet items</b>				
<b>Assets</b>				
Murabaha & Musawama wakala	247,755	130145	194,431	74,930
Ijara	33,526	--	115,460	134,750
	-----	-----	-----	-----
	<b>281,281</b>	<b>664895</b>	<b>309,891</b>	<b>209,680</b>
	=====	=====	=====	=====
<b>Liabilities</b>				
Current account balances	29,755	--	49,268	82
Unrestricted investment deposits	282,749	154	159,112	91,001
	-----	-----	-----	-----
	<b>312,504</b>	<b>154</b>	<b>208,380</b>	<b>91,083</b>
	=====	=====	=====	=====
<b>Off balance sheet items:</b>				
Letter of credits, letter of guarantees and acceptances	10,480	85,547	4,987	--
	=====	=====	=====	=====
<b>Income statement elements</b>				
Fees and commission income	20393	48,205	22,002	3,151
	=====	=====	=====	=====
Income from investing activities	91	--	--	24,358
	=====	=====	=====	=====