

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

**INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2010
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, 2010**

TABLE OF CONTENTS

Independent Auditor's Review Report	--
	<u>Page</u>
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, 2010, 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 18, 2010**

**Muhammad Bahemia
License No. 103**

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

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2010**

	March 31, 2010	December 31, 2009
	(Reviewed)	(Audited)
	QR.'000	QR.'000
ASSETS		
Cash and balances with Qatar Central Bank	973,723	642,377
Balances and investments with banks and other financial institutions	2,260,898	3,864,102
Receivables and balances from financing activities	11,850,390	10,136,446
Financial investments	637,325	657,877
Investment in associates	353,179	343,379
Investment properties held for leasing	20,472	20,578
Investment properties held for trading	304,218	304,223
Property and equipment	217,907	219,946
Other assets	421,518	362,018
	-----	-----
TOTAL ASSETS	17,039,630	16,550,946
	=====	=====
LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND SHAREHOLDER'S EQUITY		
LIABILITIES		
Current accounts for banks and financial institutions	13,441	22,090
Customers' current accounts	2,715,691	2,451,729
Other liabilities	1,449,618	1,176,215
	-----	-----
TOTAL LIABILITIES	4,178,750	3,650,034
	-----	-----
HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS	9,463,215	9,101,563
	-----	-----
EQUITY		
Paid up share capital	1,387,547	1,387,547
Legal reserve	1,651,367	1,651,367
Fair value reserve	50,251	54,773
Risk reserve	126,869	126,869
Foreign currency reserve	(1,790)	(1,790)
Other risk	20,787	20,787
Proposed dividends	--	529,791
Retained earnings	162,634	30,005
	-----	-----
TOTAL EQUITY	3,397,665	3,799,349
	-----	-----
TOTAL LIABILITIES, HOLDERS OF UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	17,039,630	16,550,946
	=====	=====

These interim condensed financial statements were approved by the Board of Directors on April 18, 2010 and signed on its behalf by the following:

.....
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, 2010**

	Three Month Period Ended	
	March 31, 2010	March 31, 2009
	(Reviewed) QR.'000	(Reviewed) QR.'000
Income from financing activities	209,036	174,192
Income from Investing activities	14,981	31,940
	-----	-----
Total income from financing and investing activities	224,017	206,132
	-----	-----
Commission and fee income	27,237	24,020
Commission and fee expense	(1,480)	(1,251)
	-----	-----
Net commission and fee income	25,757	22,769
	-----	-----
Gain / (loss) from foreign exchange operations	1,727	(3,486)
	-----	-----
NET OPERATING INCOME	251,501	225,415
	-----	-----
General and administrative expenses	(29,830)	(30,142)
Depreciation and amortisation	(2,824)	(2,159)
	-----	-----
NET PROFIT FOR THE PERIOD BEFORE SHARE OF PROFIT OF HOLDERS IN UNRESTRICTED INVESTMENT DEPOSITS	218,847	193,114
	-----	-----
Less: Share of holders of unrestricted investment accounts in the net profit	(77,876)	(56,380)
	-----	-----
NET PROFIT FOR THE PERIOD DUE TO SHAREHOLDERS	140,971	136,734
	=====	=====
EARNINGS PER SHARE (BASIC AND DILUTED) (QR)	1.02	0.99
	=====	=====

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, 2010**

	<u>Note</u>	<i>Share capital</i> <i>QR'000</i>	<i>Legal reserve</i> <i>QR'000</i>	<i>Fair value reserve</i> <i>QR'000</i>	<i>Risk reserve</i> <i>QR'000</i>	<i>Foreign currency reserve</i> <i>QR'000</i>	<i>Other reserves</i> <i>QR'000</i>	<i>Proposed cash dividends</i> <i>QR'000</i>	<i>Retained earnings</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Balance at January 1, 2010		1,387,547	1,651,367	54,772	126,869	(1,790)	20,787	529,791	30,005	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)
Balance at March 31, 2010		1,387,547	1,651,367	50,251	126,869	(1,790)	20,787	--	162,634	3,397,665

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, 2010**

	<u>Share capital</u> QR'000	<u>Legal reserve</u> QR'000	<u>Fair value reserve</u> QR'000	<u>Risk reserve</u> QR'000	<u>Proposed cash dividends</u> QR'000	<u>Retained earnings</u> QR'000	<u>Total</u> QR'000
Balance at January 1, 2009	1,261,408	850,246	(32,041)	114,369	504,562	81,746	2,780,290
Dividends paid	--	--	--	--	(504,562)	--	(504,562)
Net income for the period	--	--	--	--	--	136,734	136,734
Net movement in fair value reserve	--	--	61,768	--	--	--	61,768
Additional paid in capital	63,069	400,498	--	--	--	--	463,567
Balance at March 31, 2009	1,324,477	1,250,744	29,727	114,369	--	218,480	2,937,797

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, 2010**

	Three Month Period Ended	
	March 31, 2010	March 31, 2009
<u>Note</u>	(Reviewed) QR.'000	(Reviewed) QR.'000
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,130,276)	(490,043)
	-----	-----
INVESTING ACTIVITIES		
Purchase of financial investments	(33,035)	--
Purchase of property and equipment	(677)	(4,880)
Proceeds from sale of financial investments	38,634	263,955
Investment in associate	(9,800)	--
	-----	-----
Net cash flow (used in) / from investing activities	(4,878)	259,075
	-----	-----
FINANCING ACTIVITIES		
Net increase in holders of unrestricted investment accounts	368,144	562,800
Dividends paid	(529,791)	(504,562)
Increase in share capital	--	463,567
	-----	-----
Net cash flow(used in) / from financing activities	(161,647)	521,805
	-----	-----
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,296,801)	290,837
Cash and cash equivalents at the beginning of the period	4,055,414	2,297,773
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6 2,758,613	2,588,610
	=====	=====

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, 2010**

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 thirteen 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, 2009 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, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

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:

	<u>Three Months Ended</u>	
	<u>March 31,</u>	
	<u>2010</u>	<u>2009</u>
	(Reviewed)	(Reviewed)
	QR.'000	QR.'000
Income and expenditure:		
International portfolio	16,565	21,111
Local portfolio	207,453	185,021
Other income	27,483	19,283
	-----	-----
Total income	251,501	225,415
Expenses and provisions	(32,654)	(32,301)
Depositor's share of profits	(77,876)	(56,380)
	-----	-----
Net profit for the period	140,971	136,734
	=====	=====

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

**NOTES TO THE INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010**

4 CASH DIVIDENDS

On March 10, 2010, the Bank's general assembly approved the board of directors recommendation to pay cash dividends for the year 2009 representing 40% of its paid up capital and amounting to QR 4 per share (except for the new shares issued on December 30, 2009).

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. 12,783) to the Ministry of Finance and Economy. During the period, the Bank transferred a total amount of QR 8,342 Thousand of the total amount due.

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

	March 31, 2010	December 31, 2009
	(Reviewed)	(Audited)
	QR.'000	QR.'000
(a) Deferred or contingent commitments		
Documentary credits	354,845	340,299
Acceptances	3,465	7,799
Letters of guarantees	706,833	603,604
Collection notes	4,801	12,280
	-----	-----
	1,069,944	963,982
	-----	-----
(b) Other contracts and commitments		
Commitments and unused credit limits	245,677	233,626
Restricted investments balances	12,653	12,790
Istesna commitments	218,078	--
	-----	-----
	476,408	246,416
	-----	-----
TOTAL	1,546,352	1,210,398
	=====	=====

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

**NOTES TO THE INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010**

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:

	March 31, 2010		December 31, 2009	
	(Reviewed)		(Audited)	
	Board of Directors	Others	Board of Directors	Others
	QR'000	QR'000	QR'000	QR'000
Balance sheet items				
Assets				
Murabaha	39,475	--	73,880	4,826
Musawama	33,437	--	33,194	169
Ijara	218,530	--	195,294	--
	-----	-----	-----	-----
	291,442	--	302,368	4,995
	=====	=====	=====	=====
Liabilities				
Current account balances	94,974	--	20,908	1,036
Unrestricted investment deposits	105,640	--	42,512	1,085
	-----	-----	-----	-----
	200,614	--	63,420	2,121
	=====	=====	=====	=====
Off balance sheet items:				
Letter of credits, letter of guarantees and acceptances	135,785	--	291,370	112
	=====	=====	=====	=====
Income statement elements				
Fees and commission income	21,130	--	21,166	350
	=====	=====	=====	=====