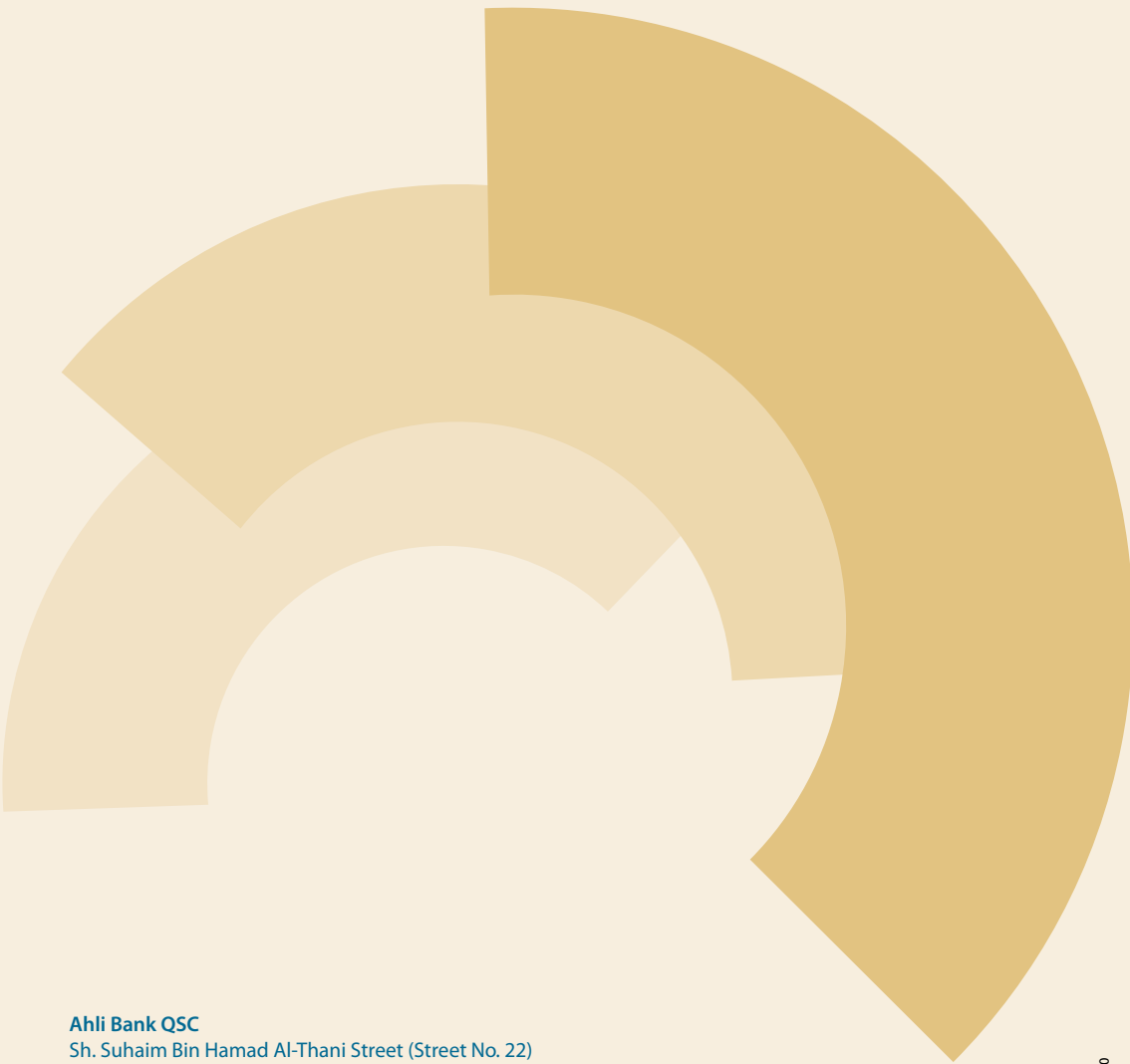




Unaudited
Interim Condensed
Financial Statements
30 June 2010



Ahli Bank QSC

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Independent Auditors' report on Review of Condensed Interim Financial Statements

TO THE BOARD OF DIRECTORS OF AHLI BANK Q.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Ahli Bank Q.S.C. (the "Bank") as at 30 June 2010 and the condensed interim statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended and the related notes ("condensed interim financial statements"). The accompanying financial statements of Ahli Bank Q.S.C, as at and for the period/year ended 30 June 2009/31 December 2009 were reviewed/audited by another auditor, whose review/audit report dated 19 July 2009/17 January 2010 thereon expressed an unqualified review conclusion / audit opinion on those financial statements respectively.

The directors of the Bank are responsible for the preparation and presentation of these condensed interim financial statements in accordance with (IAS 34) "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on this condensed interim 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 Statements Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 condensed interim financial statements as at 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of Qatar Central Bank regulations.

Gopal Balasubramaniam
of **KPMG**
Auditor's Registration No. 251

12 July 2010
Doha, Qatar

Interim Statement of Financial Position at 30 June 2010

Notes	30 June 2010 QR '000 (Unaudited)	31 December 2008 QR '000 (Audited)
ASSETS		
Cash and balances with Qatar Central Bank	762,333	745,645
Due from Qatar Central Bank, banks and other financial institutions	2,517,183	4,348,284
Loans, advances and financing activities to customers	11,753,300	12,407,056
Financial investments	2,118,178	512,352
Property, furniture and equipment	119,868	128,484
Other assets	401,407	307,740
Total Assets	17,672,269	18,449,561
LIABILITIES AND EQUITY		
LIABILITIES		
Due to banks, Qatar Central Bank and other financial institutions	2,900,921	3,727,166
Customers deposits	10,854,103	10,982,977
Subordinated debt	182,000	182,000
Other liabilities	404,575	316,156
	14,341,599	15,208,299
Unrestricted investment accounts	1,489,684	1,288,687
Total Liabilities	15,831,283	16,496,986
EQUITY		
Share capital	642,383	613,184
Advance against share capital	–	160,596
Statutory reserve	775,929	644,532
Risk reserve	218,684	218,684
Fair value reserve	(13,068)	(15,422)
Proposed dividend	–	306,592
Retained earnings	217,058	24,409
Total Equity	1,840,986	1,952,575
TOTAL LIABILITIES AND EQUITY	17,672,269	18,449,561

Ahmed Bin Abdulrahman Al Mana
Chairman

Hamad Al Marzouq
Deputy Chairman

Salah Murad
Chief Executive Officer

The attached notes 1 to 9 form part of these interim condensed financial statements.

Interim Statement of Income

six months ended
30 June 2010

	Notes		Three Months Ended		Six Months Ended	
			30 June		30 June	
	2010	2009	2010	2009	2010	2009
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	217,657	233,091	428,957	446,660		
Interest expense	(100,645)	(147,719)	(222,186)	(284,948)		
NET INTEREST INCOME	117,012	85,372	206,771	161,712		
Income from Islamic financing and investing activities	39,760	30,149	78,104	63,071		
Unrestricted investment account holders' share in the profit	(23,530)	(20,941)	(50,050)	(43,039)		
NET INCOME FROM ISLAMIC FINANCING AND INVESTMENT ACTIVITIES	16,230	9,208	28,054	20,032		
Fee and commission income	22,294	34,242	45,282	61,560		
Fee and commission expense	(137)	(187)	(272)	(383)		
NET FEE AND COMMISSION INCOME	22,157	34,055	45,010	61,177		
Dividend income	1,637	23	1,880	3,339		
Net gain from dealing in foreign currencies	6,779	4,424	12,140	7,721		
Net (loss)/gain on financial investments and derivatives	(58)	652	2,587	9,266		
Other operating income	892	780	1,136	1,692		
	9,250	5,879	17,743	22,018		
TOTAL OPERATING INCOME	164,649	134,514	297,578	264,939		
Provisions for credit losses on loans and advances	(9,632)	(8,128)	(20,855)	(15,236)		
General and administrative expenses	(42,485)	(35,841)	(81,056)	(67,840)		
Depreciation	(5,020)	(5,156)	(10,105)	(10,220)		
TOTAL OPERATING EXPENSES AND IMPAIRMENT LOSSES	(57,137)	(49,125)	(112,016)	(93,296)		
PROFIT FOR THE PERIOD	107,512	85,389	185,562	171,643		
Basic and Diluted Earnings Per Share (QR)	1.71	1.42	2.94	2.85		

The attached notes 1 to 9 form part of these interim condensed financial statements.



**Interim
Statement of
Comprehensive
Income**
six months ended
30 June 2010

	Three Months Ended 30 June		Six Months Ended 30 June	
	2010 QR '000 (Unaudited)	2009 QR '000 (Unaudited)	2010 QR '000 (Unaudited)	2009 QR '000 (Unaudited)
Profit for the period	107,512	85,389	185,562	171,643
Other comprehensive income				
<i>Available for sale investments</i>				
Fair value gains/(losses) during the period	3,180	(561)	4,552	(1,961)
Less: Reclassification adjustments for gains included in the statement of income for the period on derecognition	(2,299)	–	(2,075)	(11,378)
Less: Amortised during the period on reclassification to loans and receivables	57	(277)	(144)	(791)
	938	(838)	2,333	(14,130)
<i>Cash flow hedges</i>				
Fair value gains during the period	1,296	5,065	21	6,969
Other comprehensive income for the period	2,234	4,227	2,354	(7,161)
Total comprehensive income for the period	109,746	89,616	187,916	164,482

The attached notes 1 to 9 form part of these interim condensed financial statements.

Interim Condensed Statement of Cash Flows six months ended 30 June 2010

Six Months Ended 30 June

	2010 QR '000 (Unaudited)	2009 QR '000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	185,562	171,643
Adjustments for:		
Depreciation	10,105	10,220
Provision for credit losses on loans and advances	20,855	15,236
Net gain on financial investments and derivatives and others	(2,587)	(9,266)
Cash flows from operating activities before changes in operating assets and liabilities	213,935	187,833
Net inflow (outflow) in assets		
Due from banks and other financial institutions	55,416	(166)
Loans, advances and financing activities to customers	632,354	384,411
Other assets	(93,667)	(2,366)
Net inflow (outflow) in liabilities		
Due to banks, Qatar Central Bank and other financial institutions	(826,245)	(650,212)
Customers' deposits and unrestricted investment accounts	72,123	(317,771)
Other liabilities	88,419	(64,017)
Net cash from/(used in) operating activities	142,335	(462,288)
Net cash used in investing activities	(1,583,626)	(353,691)
Net cash used in financing activities	(299,505)	(131,396)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,740,796)	(947,375)
Cash and cash equivalents at 1 January	4,456,332	4,572,569
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,715,536	3,625,194
<i>Cash and cash equivalents comprise:</i>		
Cash and balances with Qatar Central Bank (i)	448,352	124,531
Deposits with banks and other financial institutions maturing within three months	2,267,184	3,500,663
Total	2,715,536	3,625,194

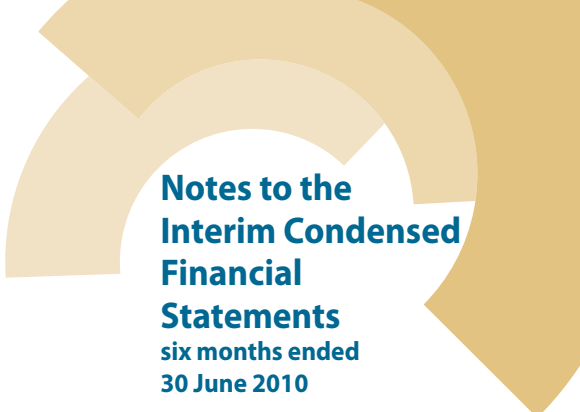
(i) Excludes the mandatory cash reserve requirement by Qatar Central Bank.

Interim Statement of Changes in Equity

six months ended
30 June 2010

	Share capital QR '000	Advance against Capital QR '000	Statutory reserve QR '000	Risk reserve QR '000	Fair value reserve QR '000	Proposed dividend QR '000	Retained earnings QR '000	Total QR '000
Balance at 31 December 2008	583,984	-	513,135	218,684	2,102	291,992	30,486	1,640,383
Total comprehensive income for the period	-	-	-	-	(7,161)	-	171,643	164,482
Dividends paid (Note 3b)	-	-	-	-	-	(291,992)	-	(291,992)
New shares issued (Note 3a)	29,200	-	131,396	-	-	-	-	160,596
Balance at 30 June 2009 <i>(Unaudited)</i>	613,184	-	644,531	218,684	(5,059)	-	202,129	1,673,469
Balance at 31 December 2009	613,184	160,596	644,532	218,684	(15,422)	306,592	24,409	1,952,575
Total comprehensive income for the period	-	-	-	-	2,354	-	185,562	187,916
Dividends paid (Note 3b)	-	-	-	-	-	(306,592)	-	(306,592)
Dividends waived (Note 3b)	-	-	-	-	-	-	14,600	14,600
Transfer to Social & Sports Fund for the year 2009 (Note 7)	-	-	-	-	-	-	(7,513)	(7,513)
New shares issued (Note 3a)	29,199	(160,596)	131,397	-	-	-	-	-
Balance at 30 June 2010 <i>(Unaudited)</i>	642,383	-	775,929	218,684	(13,068)	-	217,058	1,840,986

The attached notes 1 to 9 form part of these interim condensed financial statements.



Notes to the Interim Condensed Financial Statements six months ended 30 June 2010

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Ahli Bank Q.S.C. ("the Bank") was incorporated in the State of Qatar in 1983 as a public shareholding company under the Emiri Decree No. 40 of 1983. The Bank is engaged in commercial, retail and Islamic banking services and operates through its registered Head Office located at Suhaim Bin Hamad Street, Al Sadd Area in Doha (P.O. Box 2309, Doha, State of Qatar) and twenty one branches established in the State of Qatar.

The Bank signed a management contract with Ahli United Bank (B.S.C.) in September 2004 for a period of ten years on a renewable basis.

The interim condensed financial statements of Ahli Bank Q.S.C. for the six months ended 30 June 2010 were authorized for issue in accordance with a resolution of the Board of Directors on 12 July 2010.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Bank are prepared in accordance with International Financial Reporting Standard *IAS 34, Interim Financial Reporting* and in conformity with the applicable provisions of Qatar Central Bank regulations, and have been presented in Qatari Riyals, which is the Bank's functional and presentation currency.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Bank as at 31 December 2009. In addition, results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

Significant accounting policies

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2009.

Standards, amendments and interpretations issued but not yet effective

The new standards, amendments to standards and interpretations which have been issued but are not yet effective for the period ended 30 June 2010 have not been applied in preparing these condensed interim financial statements:

-IFRS 9, Financial Instruments is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard can be adopted early prospectively, and prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012. As per the instruction from QCB, the banks in Qatar cannot go for early adoption in 2010.

Notes to the Interim Condensed Financial Statements six months ended 30 June 2010

3. SHARE CAPITAL AND DIVIDENDS PAID

a) Share Capital

	30 June 2009 QR '000 (Unaudited)	31 December 2008 QR '000 (Audited)
Authorised		
Ordinary shares of QR 10 each	642,383	613,184
	Number of shares in thousand	QR '000
Issued and fully paid		
At 1 January 2009	58,398	58,398
Issue of new shares on 2 March 2009	2,920	2,920
At 31 December 2009 (Audited)	61,318	61,318
Issue of new shares on 14 March 2010	2,920	–
At 30 June 2010 (Unaudited)	64,238	61,318

On 30 December 2009, the Bank received QR 160,596 thousand as advance against share capital for 2,919,923 ordinary shares by way of a private placement (tranche 2) to Qatar Investment Authority, in accordance with a resolution of the shareholders in their Extra-ordinary General Meeting held on 23 December 2008. The resolution approved the issue of equity shares up to 20% of the authorized capital of the Bank to Qatar Investment Authority at QR 55 per share, representing the closing price of the Bank's shares in the Qatar Exchange on 12 October 2008.

On 14 March 2010, the Bank issued these shares in respect of tranche 2 upon obtaining approval from Ministry of Finance and Trade.

In accordance with the Qatar Commercial Companies' Law No. 5 of 2002 and applicable provisions of Qatar Central Bank regulations, the share premium amounting to QR 131,396 thousand, representing the difference between the proceeds received and the nominal value of new shares issued was credited to the statutory reserve.

Ahli United Bank B.S.C., Bahrain holds 36.4% of the ordinary shares of the Bank with the remaining shares held by Qatar Investment Authority (9.1%) and members of the public (54.5%).

b) Dividends Paid

During the period, the Bank has paid an amount of QR 5 per share totaling to QR 306,592 thousand as cash dividends for the year 2009 (QR 5 per share totaling to QR 291,992 thousand as cash dividends for the year 2008).

One of the shareholders, Qatar Holding L.L.C (a wholly owned subsidiary of Qatar Investment Authority) waived its dividend entitlement for 2009 of QR 14,600 thousand.

Notes to the Interim Condensed Financial Statements

six months ended
30 June 2010

4. FAIR VALUE RESERVE

	30 June 2010 (Unaudited)			31 December 2009 (Audited)		
	Available for sale investments	Cash flow hedges	Total	Available for sale investments	Cash flow hedges	Total
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
At the beginning of the period/year	2,945	(18,367)	(15,422)	27,114	(25,012)	2,102
Realised during the period/year	(2,075)	–	(2,075)	(23,325)	–	(23,325)
Net movement in unrealised fair values during the period/year	4,552	21	4,573	917	6,645	7,562
Amortised during the period/year on reclassification to loans and receivables	(144)	–	(144)	(1,761)	–	(1,761)
At the end of the period/year	5,278*	(18,346)	(13,068)	2,945*	(18,367)	(15,422)

* Includes QR 1,909 thousand (31 December 2009: QR 1,765 thousand) relating to unamortised portion of fair value reserve on financial investments available for sale transferred to loans and receivables.

5. SEASONALITY OF RESULTS

Dividend income of QR 1,880 thousand (30 June 2009: QR 3,339 thousand) is of a seasonal nature.

6. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares in issue during the period. During the period, the Bank issued additional ordinary shares to increase the share capital.

	Six Months Ended 30 June	
	2010 (Unaudited)	2009 (Unaudited)
Profit for the period – QR '000	185,562	171,643
Weighted average number of shares	63,060,634	61,318,366
Basic and diluted earnings per share (QR)	2.94	2.85

Notes to the Interim Condensed Financial Statements six months ended 30 June 2010

6. EARNINGS PER SHARE (continued)

The weighted average number of shares has been calculated as follows:

Qualifying shares at the beginning of the period

Effect of additional share issue on 14 March 2010 (Note 3a)

Qualifying shares at the end of the period

Six Months Ended 30 June	
2010 (Unaudited)	2009 (Unaudited)
61,318,360	61,318,366
1,742,274	–
63,060,634	61,318,366

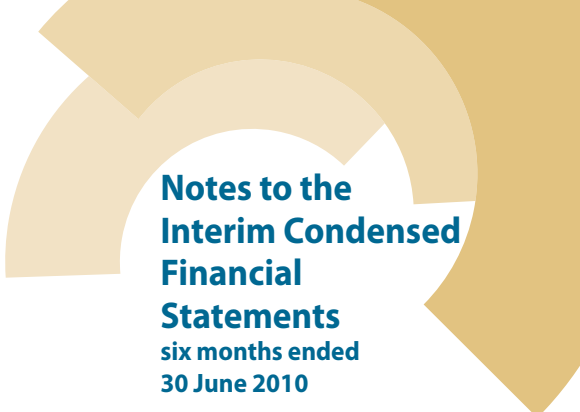
There were no potentially dilutive shares outstanding at any time during the period, therefore, the diluted earnings per share is equal to the basic earnings per share.

7. SOCIAL AND SPORTS FUND

During the period, the Bank made an appropriation of QR 7,513 million representing 2.5% of the net profit for the year ended 31 December 2009, pursuant to the Law No.13 for the year 2008 and further clarifications for the Law issued in 2010. This amount has been appropriated from 2009 retained earnings in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors".

8. CONTINGENT LIABILITIES, GUARANTEES AND OTHER COMMITMENTS

	30 June 2010 QR '000 (Unaudited)	31 December 2009 QR '000 (Audited)
Contingent Liabilities:		
Acceptances	57,379	44,677
Guarantees	1,814,620	1,470,637
Letters of credit (import and export)	328,393	384,260
	2,200,392	1,899,574
Commitments and other contingencies:		
Unused credit facilities	4,302,242	3,255,574
Interest rate swaps	633,480	601,245
Forward foreign exchange contracts	3,606,886	1,706,395
Legal claims	41,593	23,793
Capital commitments	13,543	17,412
	8,597,744	5,604,419
Total	10,798,136	7,503,993



Notes to the Interim Condensed Financial Statements six months ended 30 June 2010

8. CONTINGENT LIABILITIES, GUARANTEES AND OTHER COMMITMENTS (continued)

Unused credit facilities

Commitments to extend credit represent contractual commitments to fund loans and revolving credits. Commitments generally have fixed expiry dates or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. The commitments generally have expiry dates of less than one year.

Acceptances, guarantees and letters of credit

Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract. Guarantees and standby letters of credit carry the same risk as loans. Credit guarantees can be in the form of irrevocable letters of credits, advance payment guarantees and endorsements liabilities from bills rediscounted.

Capital commitments

This represents the contractual commitment on the purchase of a plot of land. As at the end of the reporting period, the land is still under development and the Bank has approximately 26% of the committed value payable through 7 quarterly installments.

9. SEGMENT INFORMATION

For management purposes, the Bank is organised into three major operating segments:

Retail and private banking and wealth management	Principally handling individual customers' deposit and current accounts, providing consumer loans, residential mortgages, overdrafts, credit cards and fund transfer facilities. Private banking and wealth management represents servicing high net worth individuals through a range of investment products, funds, credit facilities, trusts and alternative investments.
Corporate banking, treasury and investments	Principally handling loans and other credit facilities, and deposit and current accounts for corporate and institutional customers and providing money market, trading and treasury services, as well as management of the Bank's funding.
Islamic banking	Principally handling individual and corporate and institutional customers' deposits, current accounts, financing and investing activities etc., under Islamic Shari'a rules and regulations.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Notes to the Interim Condensed Financial Statements six months ended 30 June 2010

9. SEGMENT INFORMATION (continued)

Segment information for the period is as follows:

	Retail and private banking and wealth management QR '000	Corporate banking, treasury and investments QR '000	Islamic banking QR '000	Total QR '000
30 June 2010 (Unaudited)				
Net interest income	87,248	119,523	–	206,771
Net income from Islamic activities	–	–	28,054	28,054
Others	18,424	42,111	2,218	62,753
Total operating income	105,672	161,634	30,272	297,578
(Provisions)/Recoveries	(19,223)	(1,194)	(438)	(20,855)
General and administrative expenses	(47,294)	(30,309)	(3,453)	(81,056)
Depreciation	(7,084)	(2,463)	(558)	(10,105)
Profit for the period	32,071	127,668	25,823	185,562
Total assets	3,672,612	11,972,256	2,027,401	17,672,269
Total liabilities	5,395,985	8,558,469	1,876,831	15,831,285
30 June 2009 (Unaudited)				
Net interest income	90,190	71,522	–	161,712
Net income from Islamic activities	–	–	20,032	20,032
Others	18,790	60,618	3,787	83,195
Total operating income	108,980	132,140	23,819	264,939
(Provisions)/Recoveries	(17,158)	2,859	(937)	(15,236)
General and administrative expenses	(34,410)	(29,763)	(3,667)	(67,840)
Depreciation	(7,277)	(2,530)	(413)	(10,220)
Profit for the period	50,135	102,706	18,802	171,643
Total assets	3,603,408	11,436,754	1,759,979	16,800,141
Total liabilities	4,507,865	8,966,613	1,652,194	15,126,672