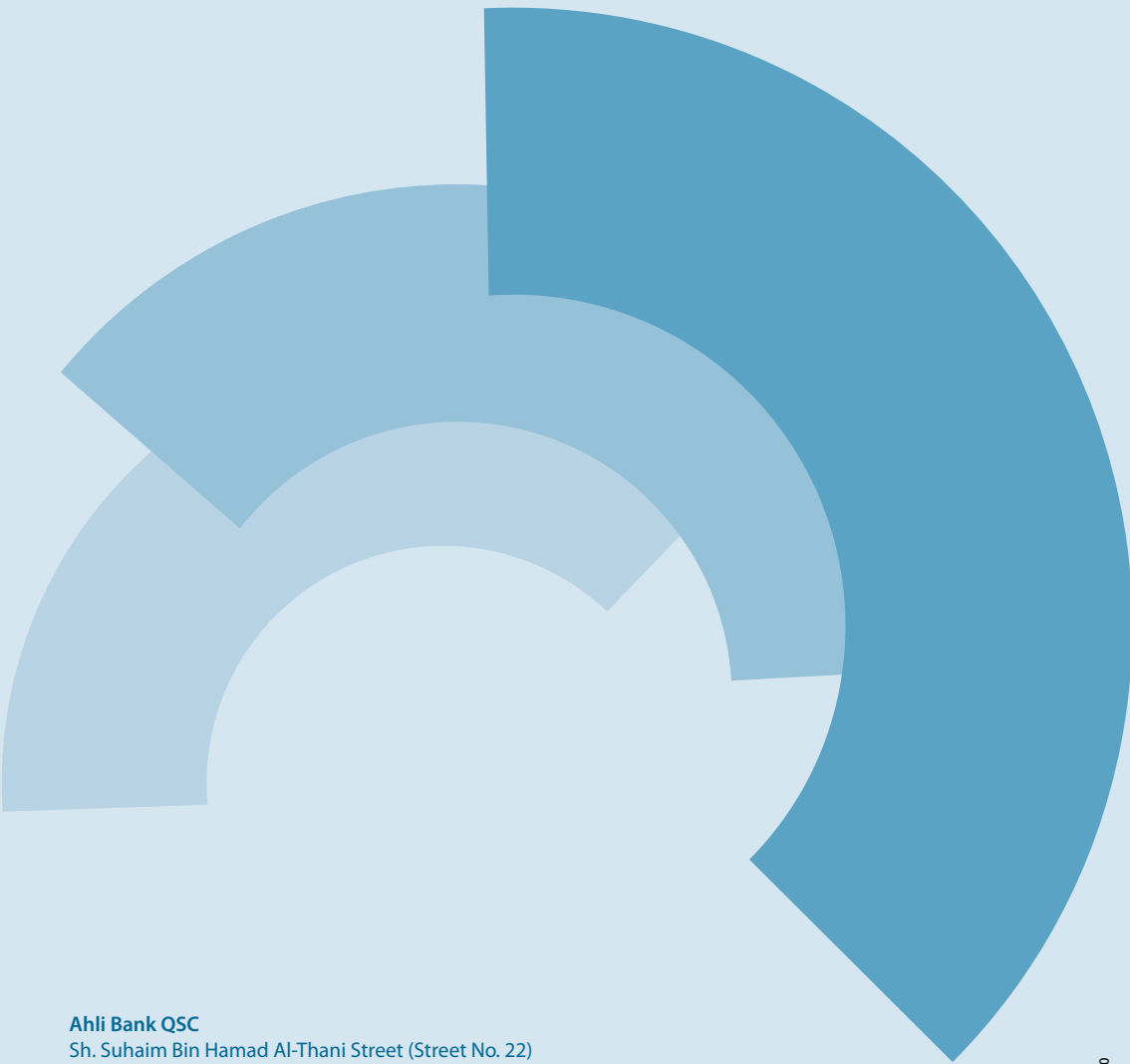




Unaudited  
Interim Condensed  
**Financial Statements**  
30 June 2009



**Ahli Bank QSC**

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# Report on Review of Interim Condensed Financial Statements

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

## Introduction

We have reviewed the accompanying interim condensed financial statements of Ahli Bank Q.S.C. (“the Bank”) as at 30 June 2009, comprising of the interim statement of financial position as at 30 June 2009 and the related interim statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2009, the related interim statement of changes in equity and the interim condensed statement of cash flows for the six-month period then ended, and the related explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard *IAS 34, Interim Financial Reporting* (“IAS 34”) and the applicable provisions of Qatar Central Bank regulations. 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 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 prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of Qatar Central Bank regulations.

Akram Mekhael  
of **Ernst & Young**  
Auditor’s Registration No. 59

**19 July 2009**  
Doha, Qatar

# Interim Statement of Financial Position

as at 30 June 2009

	Notes	30 June 2009 QR '000 (Unaudited)	31 December 2008 QR '000 (Audited)
<b>ASSETS</b>			
Cash and balances with Qatar Central Bank		701,874	667,670
Due from banks and other financial institutions		3,518,863	4,500,276
Loans, advances and financing activities to customers	3	11,162,650	11,547,061
Financial investments		1,006,393	672,534
Property, furniture and equipment		135,260	139,000
Other assets		275,101	272,735
<b>Total Assets</b>		<b>16,800,141</b>	<b>17,799,276</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks, Qatar Central Bank and other financial institutions		3,203,781	3,489,993
Customer deposits		9,808,139	10,260,628
Subordinated debt		182,000	182,000
Other liabilities		330,657	375,616
		13,524,577	14,308,237
Unrestricted investment accounts		1,602,095	1,850,656
<b>Total Liabilities</b>		<b>15,126,672</b>	<b>16,158,893</b>
<b>EQUITY</b>			
Share capital	4	613,184	583,984
Statutory reserve	4	644,531	513,135
Risk reserve		218,684	218,684
Fair value reserve	5	(5,059)	2,102
Proposed dividend		–	291,992
Retained earnings		202,129	30,486
<b>Total Equity</b>		<b>1,673,469</b>	<b>1,640,383</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>16,800,141</b>	<b>17,799,276</b>

**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 2009

	Notes		Three Months Ended 30 June		Six Months Ended 30 June	
	2009	2008	2009	2008	2009	2008
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income	233,091	214,380	446,660	432,332		
Interest expense	(147,719)	(137,485)	(284,948)	(287,599)		
<b>NET INTEREST INCOME</b>	<b>85,372</b>	<b>76,895</b>	<b>161,712</b>	<b>144,733</b>		
Fee and commission income	34,242	29,337	61,560	45,909		
Fee and commission expense	(187)	(406)	(383)	(626)		
<b>NET FEE AND COMMISSION INCOME</b>	<b>34,055</b>	<b>28,931</b>	<b>61,177</b>	<b>45,283</b>		
Dividend income	23	1,732	3,339	10,252		
Net gain from dealing in foreign currencies	4,424	(1,277)	7,721	2,433		
Net gain on financial investments and derivatives	652	16,431	9,266	28,507		
Income from Islamic financing and investing activities (net)	30,149	29,388	63,071	52,842		
Other operating income	780	3,383	1,692	11,954		
	36,028	49,657	85,089	105,988		
<b>TOTAL OPERATING INCOME</b>	<b>155,455</b>	<b>155,483</b>	<b>307,978</b>	<b>296,004</b>		
Impairment loss on available for sale investments	-	995	-	(2,105)		
Provisions for credit losses on loans and advances	(8,128)	(4,378)	(15,236)	(2,285)		
Unrestricted investment account holders' share in the profit	(20,941)	(9,145)	(43,039)	(23,169)		
<b>NET OPERATING INCOME</b>	<b>126,386</b>	<b>142,955</b>	<b>249,703</b>	<b>268,445</b>		
General and administrative expenses	(35,841)	(36,754)	(67,840)	(72,808)		
Depreciation	(5,156)	(4,129)	(10,220)	(8,012)		
<b>OPERATING EXPENSES</b>	<b>(40,997)</b>	<b>(40,883)</b>	<b>(78,060)</b>	<b>(80,820)</b>		
<b>PROFIT FOR THE PERIOD</b>	<b>85,389</b>	<b>102,072</b>	<b>171,643</b>	<b>187,625</b>		
<b>Basic and Diluted Earnings Per Share (QR)</b>	<b>1.42</b>	<b>1.75</b>	<b>2.85</b>	<b>3.21</b>		

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



## Interim Statement of Comprehensive Income

six months ended  
30 June 2009

	Three Months Ended 30 June		Six Months Ended 30 June	
	2009 QR '000 (Unaudited)	2008 QR '000 (Unaudited)	2009 QR '000 (Unaudited)	2008 QR '000 (Unaudited)
Profit for the period	85,389	102,072	171,643	187,625
<b>Other comprehensive income</b>				
<i>Available for sale investments</i>				
Fair value (losses) gains during the period	(561)	93,522	(1,961)	109,745
Less: Reclassification adjustments for gains included in the statement of income for the period on derecognition	–	(3,323)	(11,378)	(24,301)
Less: Amortised during the period on reclassification to loans and receivables	(277)	–	(791)	–
	<b>(838)</b>	<b>90,199</b>	<b>(14,130)</b>	<b>85,444</b>
<i>Cash flow hedges</i>				
Fair value gains during the period	5,065	3,493	6,969	4,377
<b>Other comprehensive (expense) income for the period</b>	<b>4,227</b>	<b>93,692</b>	<b>(7,161)</b>	<b>89,821</b>
<b>Total comprehensive income for the period</b>	<b>89,616</b>	<b>195,764</b>	<b>164,482</b>	<b>277,446</b>

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 2009

	Six Months Ended 30 June	
	2009 QR '000 (Unaudited)	2008 QR '000 (Unaudited)
Net cash (used in) from operating activities	(462,288)	340,249
Net cash (used in) from investing activities	(353,691)	41,401
Net cash used in financing activities	(131,396)	(101,562)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(947,375)</b>	<b>280,088</b>
Cash and cash equivalents at 1 January	4,572,569	3,390,058
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>3,625,194</b>	<b>3,670,146</b>
<i>Cash and cash equivalents comprise:</i>		
Cash and balances with Qatar Central Bank (i)	124,531	378,375
Deposits with banks and other financial institutions maturing within three months	3,500,663	3,291,771
<b>Total</b>	<b>3,625,194</b>	<b>3,670,146</b>

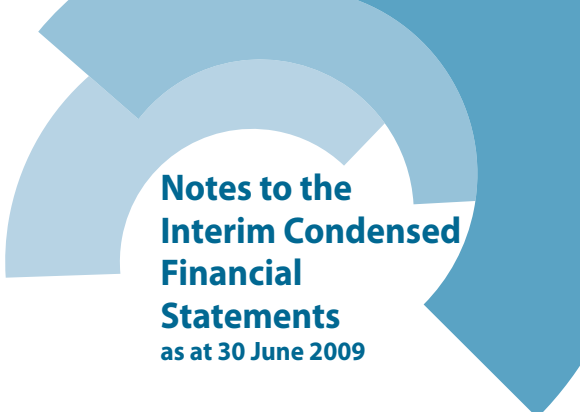
(i) Excludes the mandatory cash reserve requirement by Qatar Central Bank.

## Interim Statement of Changes in Equity

six months ended  
30 June 2009

	Share capital QR '000	Statutory reserve QR '000	Risk reserve QR '000	Fair value reserve QR '000	Proposed dividend QR '000	Proposed issue of bonus shares QR '000	Retained earnings QR '000	Total QR '000
Balance at 31 December 2007	507,812	470,557	147,104	209,785	101,562	76,172	10,855	1,523,847
Total comprehensive income for the period	-	-	-	89,821	-	-	187,625	277,446
Transfer to risk reserve	-	-	9,610	-	-	-	(9,610)	-
Dividends paid (Note 4b)	-	-	-	-	(101,562)	-	-	(101,562)
Bonus shares issued	76,172	-	-	-	-	(76,172)	-	-
<b>Balance at 30 June 2008</b> <i>(Unaudited)</i>	<b>583,984</b>	<b>470,557</b>	<b>156,714</b>	<b>299,606</b>	-	-	<b>188,870</b>	<b>1,699,731</b>
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 4b)	-	-	-	-	(291,992)	-	-	(291,992)
New shares issued (Note 4a)	29,200	131,396	-	-	-	-	-	160,596
<b>Balance at 30 June 2009</b> <i>(Unaudited)</i>	<b>613,184</b>	<b>644,531</b>	<b>218,684</b>	<b>(5,059)</b>	-	-	<b>202,129</b>	<b>1,673,469</b>

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



# Notes to the Interim Condensed Financial Statements as at 30 June 2009

## 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 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 2009 were authorized for issue in accordance with a resolution of the Board of Directors on 19 July 2009.

## 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 2008. In addition, results for the six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

### 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 2008, except as noted below.

During the period, the Bank adopted the following new or revised standards effective for the annual periods beginning on or after 1 January 2009:

#### ***IAS 1 (Revised) - Presentation of Financial Statements***

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners, to be presented in the statement of changes in equity. All other changes in equity are required to be presented separately in a performance statement, i.e. statement of comprehensive income. Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Bank has elected to present comprehensive income in two separate statements of income and comprehensive income.

# Notes to the Interim Condensed Financial Statements as at 30 June 2009

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

### Significant accounting policies (continued)

#### IFRS 8 - Operating Segments

The new standard, which replaced IAS 14 Segment Reporting, requires a 'management approach' under which segment information is presented on the same basis that is used for internal reporting purposes provided to the chief operating decision-maker of the Bank. The Bank concluded that the segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. Disclosures required under IFRS 8 are shown in Note 9 to the interim condensed financial statements.

## 3. LOANS, ADVANCES AND FINANCING ACTIVITIES TO CUSTOMERS

During the period, the Bank has sold certain loans and advances to customers relating to real estate sector to the Government of Qatar, in consideration for treasury bonds, as part of the Government of Qatar's initiatives to support the banking sector.

The Bank has the right to re-purchase its real estate portfolio, or any part of it, after a three-year period from the date of sale and within a maximum period of ten years at the original sale price less any cash collected subsequent to the purchase.

## 4. SHARE CAPITAL AND DIVIDENDS PAID

### a) Share Capital

	30 June 2009 QR '000 (Unaudited)	31 December 2008 QR '000 (Audited)
<b>Authorised</b>		
Ordinary shares of QR 10 each	613,184	583,984
<b>Issued and fully paid</b>	<b>Number of shares in thousand</b>	<b>QR '000</b>
At 1 January 2008	50,781	507,812
Bonus issue on 24 March 2008	7,617	76,172
At 31 December 2008 (Audited)	58,398	583,984
Issue of new shares on 3 March 2009	2,920	29,200
At 30 June 2009 (Unaudited)	61,318	613,184

On 3 March 2009, the Bank issued 2,919,923 ordinary shares by way of a private placement 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 Doha Securities Market on 12 October 2008.

# Notes to the Interim Condensed Financial Statements as at 30 June 2009

## 4. SHARE CAPITAL AND DIVIDENDS PAID (continued)

### a) Share Capital (continued)

In accordance with the Qatar Commercial Companies Law No. 5 of 2002 and the 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 were credited to the statutory reserve.

Ahli United Bank B.S.C, Bahrain holds 38.1% of the ordinary shares of the Bank with the remaining held by Qatar Investment Authority (4.8%) and members of the public (57.1%).

On 5 January 2009, the Board of Directors approved a buy back of up to 10% of the Bank's shares, subject to the approvals of Qatar Central Bank and Qatar Financial Markets Authority. As at 30 June 2009, the legal proceedings to effect the buy back have not been finalized by Qatar Financial Markets Authority.

### b) Dividends Paid

During the period, the Bank has paid an amount of QR 5 per share totaling to QR 291,992 thousand as cash dividends for the year 2008 (2008: QR 2 per share totaling to QR 101,562 thousand as cash dividends for the year 2007).

## 5. FAIR VALUE RESERVE

	30 June 2009 (Unaudited)			31 December 2008 (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	27,114	(25,012)	2,102	213,635	(3,850)	209,785
Realised during the period/year	(11,378)	-	(11,378)	(65,361)	-	(65,361)
Net movement in unrealised fair values during the period/year	(1,961)	6,969	5,008	(119,317)	(21,162)	(140,479)
Amortised during the period/year on reclassification to loans and receivables	(791)	-	(791)	(1,843)	-	(1,843)
<b>At the end of the period/year</b>	<b>12,984*</b>	<b>(18,043)</b>	<b>(5,059)</b>	<b>27,114</b>	<b>(25,012)</b>	<b>2,102</b>

\* Includes QR 13,435 thousand (31 December 2008: QR 14,226 thousand) relating to unamortised portion of fair value reserve on financial investments available for sale transferred to loans and receivables.

## 6. SEASONALITY OF RESULTS

Dividend income of QR 3,339 thousand (30 June 2008: QR 10,252 thousand) is of a seasonal nature.

# Notes to the Interim Condensed Financial Statements as at 30 June 2009

## 7. 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

	2009 (Unaudited)	2008 (Unaudited)
Profit for the period - QR '000	171,643	187,625
Weighted average number of shares	60,318,166	58,398,438
Basic and diluted earnings per share (QR)	2.85	3.21

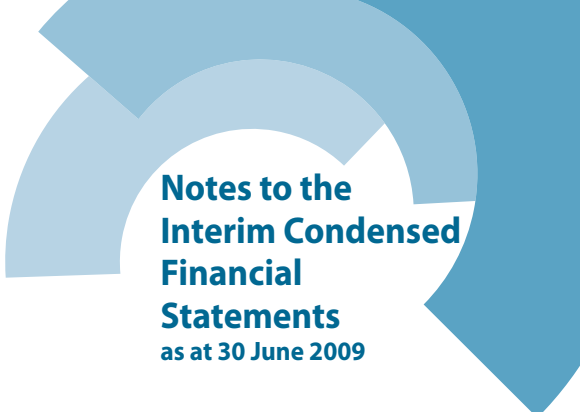
The weighted average number of shares has been calculated as follows:

Qualifying shares at the beginning of the period	58,398,438	58,398,438
Effect of additional share issue on 3 March 2009 (Note 4a)	1,919,728	-
Qualifying shares at the end of the period	60,318,166	58,398,438

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.

## 8. CONTINGENT LIABILITIES, GUARANTEES AND OTHER COMMITMENTS

	30 June 2009 QR '000 (Unaudited)	31 December 2008 QR '000 (Audited)
<b>Contingent Liabilities:</b>		
Acceptances	56,056	53,444
Guarantees	1,800,614	1,776,992
Letters of credit (import and export)	474,262	856,549
	2,330,932	2,686,985
<b>Commitments and Other Contingencies:</b>		
Unused credit facilities	2,869,399	2,595,959
Interest rate swaps	604,024	535,492
Forward foreign exchange contracts	677,257	216,308
Legal claims	74,366	99,435
Capital commitments	21,282	23,217
	4,246,328	3,470,411
<b>Total</b>	<b>6,577,260</b>	<b>6,157,396</b>



# Notes to the Interim Condensed Financial Statements as at 30 June 2009

## 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 41.3% of the committed value payable through 11 quarterly installments.

## 9. SEGMENT INFORMATION

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

<b>Retail and private banking and wealth management</b>	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.
<b>Corporate banking, treasury and investments</b>	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.
<b>Islamic banking</b>	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 as at 30 June 2009

## 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
<b>30 June 2009 (Unaudited)</b>				
Net interest income	90,190	71,522	–	161,712
Net profit income from Islamic activities	–	–	63,071	63,071
Others	18,790	60,618	3,787	83,195
Total operating income	108,980	132,140	66,858	307,978
(Provisions)/Recoveries	(17,158)	2,859	(937)	(15,236)
Unrestricted investment account holders' share in the profit	–	–	(43,039)	(43,039)
Net operating income	91,822	134,999	22,882	249,703
Operating expenses	(41,687)	(32,293)	(4,080)	(78,060)
<b>Profit for the period</b>	<b>50,135</b>	<b>102,706</b>	<b>18,802</b>	<b>171,643</b>
<b>Total assets</b>	<b>3,603,408</b>	<b>11,436,754</b>	<b>1,759,979</b>	<b>16,800,141</b>
<b>Total liabilities</b>	<b>4,507,865</b>	<b>8,966,613</b>	<b>1,652,194</b>	<b>15,126,672</b>
<b>30 June 2008 (Unaudited)</b>				
Net interest income	74,141	70,592	–	144,733
Net profit income from Islamic activities	–	–	52,842	52,842
Others	17,355	80,329	745	98,429
Total operating income	91,496	150,921	53,587	296,004
(Provisions)/Recoveries	(6,685)	4,565	(165)	(2,285)
Impairment loss on available for sale investments	–	(2,105)	–	(2,105)
Unrestricted investment account holders' share in the profit	–	–	(23,169)	(23,169)
Net operating income	84,811	153,381	30,253	268,445
Operating expenses	(48,088)	(27,835)	(4,897)	(80,820)
<b>Profit for the period</b>	<b>36,723</b>	<b>125,546</b>	<b>25,356</b>	<b>187,625</b>
<b>Total assets</b>	<b>3,425,131</b>	<b>12,675,356</b>	<b>1,641,375</b>	<b>17,741,862</b>
<b>Total liabilities</b>	<b>2,956,657</b>	<b>11,511,262</b>	<b>1,574,212</b>	<b>16,042,131</b>