

2008 Annual Report



المصرف

إلتزام بالريادة
Committed to leadership

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His Highness
Sheikh Hamad Bin Khalifa Al-Thani
Emir of the State of Qatar



His Highness
Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani
Heir Apparent



Vision, Mission, Values, Strategy

In the last 27 years, the Bank has grown to be internationally recognised as a pioneer of Islamic banking and is widely trusted as the main source of transparent Islamic financial solutions.

Vision

A leading, innovative and global Islamic bank adhering to the highest Shari'a and ethical principles; meeting international banking standards; partnering with the development of the global economy and participating in the advancement of the society.

Mission

- To provide innovative Shari'a-compliant financial solutions and quality services to our customers.
- To maximize returns for our shareholders and partners.
- To nurture an internal environment of qualified professionals and cutting-edge technology.



Values

- Integrity
- Transparency
- Justice
- Co-operation and Teamwork
- Loyalty and Commitment
- Excellence

Strategy

- To enhance our impeccable reputation in the Islamic financing services industry and maintain a pioneering presence in the local, regional and international markets.
- To satisfy the aspirations of our clients by offering innovative Islamic banking solutions.
- To continue to develop our operations in a manner that yields maximum returns for our partners, investors and shareholders.
- To encourage the professional development of our employees, and develop a very efficient and productive workforce.
- To utilise the latest technical know-how in order to upgrade the scope and efficiency of our operations and services.
- To enhance the geographical reach of our products and services by ensuring that our product base satisfies the needs and aspirations of all demographic and economic customer profiles.
- To achieve new strategic alliances and accomplish both horizontal and vertical expansion of our activities.



Board of Directors



**Sheikh Jassim Bin Hamad
Bin Jassim Bin Jabr Al Thani**
Chairman



**Mr. Mohammad Bin
Abdullatif Al Mana**
Vice-Chairman



**Mr. Abdullatif Bin Abdulla
Al Mahmmoud**
Managing Director



**Mr. Issa R. Al Rabia
Al Kuwari**
Director



**Mr. Mohamed Bin Issa
Al Mohanadi**
Director



**Mr. Abdul Rahman
Abdulla Abdul Ghani**
Director



Mr. Mansour Al Muslah
Director



Mr. Abdulla Bin Saeed Al Eidah
Director



Mr. Nasser Rashid S. Al-Kaabi
Director



Shari'a Supervisory Board and Shari'a Executive Committee

Shari'a Supervisory Board

His Eminence Dr. Youssef Al Qaradawi
Chairman, Shari'a Supervisory Board

**His Eminence
Sheikh Abdul Qader Al Ammari**
Member

His Eminence Dr. Ali Al Mohammadi
Member

His Eminence Sheikh Walid Ben Hadi
Head of Executive Committee

Shari'a Executive Committee

His Eminence Sheikh Walid Ben Hadi
Head of Executive Committee

Prof. Abdul Sattar Abou Ghodda
Member

His Eminence Sheikh Nizam Mohd. Yacoubi
Member



Senior Management



Salah Jaidah
Chief Executive Officer (CEO)



Murtada Khidir
General Manager
Finance Group



Jean-Marc Riegel
General Manager
Investment Banking & Development Group



Syed Maqbul Qader
Group Chief Risk Officer



Choudhry Mohammed Wasi
General Manager
Projects Group



Salah Al-Hail
General Manager
Real Estate Group



Akhter Jamal
General Manager
Operations & IT Group



Ahmad Meshari
General Manager
Domestic Business Group



Chairman's Message

In 2008 we accomplished qualitative development in all the activities of the Bank. This development has been positively reflected in the financial results of the Bank in spite of the financial crisis that engulfed the globe in the last quarter of the year.

In the Name of Allah,
the Merciful, the Compassionate

Dear shareholders,
On behalf of the Board of Directors of QIB, I take immense pleasure in presenting to you our annual report for the financial year 2008, which highlights our key operational and financial achievements and outlines our plans for the coming year.

The repercussions of the global financial crisis have not spared any of the economies around the world. Even though the crisis affected the GCC region in an indirect manner only, it still slowed down the growth rates in financing, investment and real estate activities. Our national economy exhibited commendable resilience in the midst of this detrimental crisis, thanks to the solid economic base and rational handling of the crisis by the Country's political leaders, who monitored and





controlled the financial and economic activities, thus protecting the banking sector from any adverse impact.

The Bank successfully encountered the consequences of the crisis that occurred during the last quarter of 2008, as reflected in the financial statements of the year. Presently, we are rearranging our operations by introducing core changes to the key constituents of our investment portfolio with a view towards protecting the investments and deposits of our customers. At the same time we are looking to improve the quality of our services and are striving to make them more accessible.

Qualitative improvement has been one of the key drivers of the Bank's growth. During the past year we recorded commendable growth in our local investment portfolio. Our unique range of innovative Islamic financing tools have attracted the attention of new organisations who

have macro investments that are linked to the State's comprehensive development strategy. We realised a 78% increase in this sector, taking our local investment portfolio to a total of QR 18.5 billion.

Encouraged by its low credit risk, we plan to focus on further enhancing and diversifying this portfolio during 2009.

Presently, we are in the process of reviewing and evaluating our international investments in order to maximize our hedging measures and reorganise the Bank's international investment funds and portfolios, particularly in the real estate sector.

We look forward towards implementing more rationale measures in order to secure ourselves against unforeseen failures.

Our affiliate companies also performed consistently without any impediments.

We are pursuing the development of the London-based 'Shard-of-Glass' tower project in collaboration with other Qatari banking and investment establishments.

Our domestic branch network and related banking and investment services witnessed a remarkable expansion, both in terms of geographical coverage and range of services. We introduced key changes in their management systems, restructured operations, streamlined procedures and reorganised the human resources in order to cope with the Bank's accelerated growth.

A highly advanced information technology centre featuring the latest e-banking technologies has been established with a view towards offering our customers a unique platform for safe and accurate e-banking services.



We highly appreciate the valuable support that the Government is providing to the banking sector, which is having a positive effect on the stability of Qatari banks.

QIB is now at the dawn of the second year of its 5-year strategic plan, which has been developed in line with its vision to become the 'leader of Islamic banking services' at both local and international levels. The key constituents of this strategy are:

- Maximize the value offered to our shareholders and investors, consolidate our domestic presence, and optimise the value of our international partnerships.
- Enhance the scope and quality of the services offered to high net worth customers and satisfy their need to conduct their banking/ investment transactions in a privileged environment, thereby making us their bank of choice.
- Devise new banking and investment products & solutions within an integrated methodology.



- Develop better synergies among our manpower in order to achieve optimal productivity, adopt the principles of commitment and accountability in order to realise the most desired results and upgrade the business by-laws in order to promote a culture of constructive change.

During 2008, the Bank successfully maintained its outstanding performance, with its assets expanding to QR 33.5 billion, an increase of 57% over 2007, and its net profit rising to QR 1.643 billion, at a growth rate of 31%, thus reflecting another year of strong growth and remarkable achievements.

In 2009 Qatar Investment Authority will be participating in the share capital of the Bank through a private prospectus, that will be issued in a two-stage subscription process that will feature 5% in each stage.

In the light of these record results, the Board of Directors has recommended the distribution of a cash dividend at the rate of 70% (QR 7 per share).

On behalf of the Board of Directors, I would like to take this opportunity to convey the Bank's deepest appreciation and gratitude to HH Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar and HH Sheikh Tamim Bin Hamad Bin Khalifa Al-Thani, the Heir Apparent for their unwavering support to the State's banking sector.

We are also grateful to all the officials of the State bodies that are related to banking activities, for their valuable directives and steady support and to the Bank's customers, investors, and shareholders for their trust and loyalty.

We would like to express our indebtedness to the Bank's Shari'a Supervisory Board for ensuring our strict adherence to the highest principles of Islamic Shari'a.

Our sincerest appreciation and gratitude are also extended to the Bank's Executive Management, officers, and employees, for their dedication and commitment to the continued success of QIB.

In conclusion, I pray to Almighty Allah to bless our journey towards becoming the leading Islamic banking institution with His invaluable guidance.

**Jassim Bin Hamad
Bin Jassim Bin Jabr Al Thani**
Chairman



Statement of the Shari'a Supervisory Board

for the Bank's operations during 2008

The Shari'a Supervisory Board is the guiding force of the Bank and channels all our banking, finance and investment transactions in the right direction.

Praise be to Allah

Prayers and Peace be Upon
Our Master Muhammad,
Messenger of Divine Mercy and
Upon His Companions and Followers.

The Shari'a Supervisory Board of QIB has reviewed the contracts that were referred to it, replied to the Management's enquiries and, has taken part in finding proper solutions to the difficulties that arose while executing the contracts.

Through its Executive Committee and Shari'a Audit Department, the Shari'a Supervisory Board has directly supervised the Bank's activities and



are satisfied that its resolutions have been righteously executed.

In general, the transactions referred to the Shari'a Supervisory Board were found to be in conformity with the standards adopted by it and, all errors that were committed upon implementation were adjusted.

The Shari'a Supervisory Board has also reviewed the Bank's financial statements and Profit & Loss Account for the financial year 2008, and believes that they are Shari'a -compliant.

However, the Shari'a Supervisory Board confirms that the responsibility for applying the Shari'a norms and controls lies mainly on the Bank's Management, as the Shari'a Supervisory Board's liability is confined to giving relevant jurisdictions (Fatwas) and reviewing the transactions referred to it, whether they were addressed to it directly or through the Shari'a Audit Department as implied by the authorities vested in the Shari'a Audit Department.

In conclusion, the Shari'a Supervisory Board expresses its gratitude to the Bank's executives and prays to Allah, the Almighty, to grant them His guidance to serve the Islamic economy, to place His blessings on the shareholders' and customers' wealth, and to inspire us all to be sincere in our words and deeds.

"Praise be to Allah"

Dr. Youssef Al Qaradawi

Chairman, Shari'a Supervisory Board

Sheikh Walid Ben Hadi

Head of Executive Committee

Prof. Dr. Abdul Sattar Abou Ghodda

Member - Executive Committee

Sheikh Nizam Yacoubi

Member - Executive Committee

Sheikh Abdul Qader Al Ammari

Member

Dr. Ali Al Mohammadi

Member



Statement of the CEO

We are operating in a highly competitive international banking environment. However, we follow a wise business strategy and adopt a scientific approach while conducting our business operations.



Praise be to Allah,
the Merciful, the Compassionate

Global Economy

The year 2008 was a tough year for the global economy due to the repercussions of the mortgage crisis in the USA and certain European countries, which transformed certain big financial establishments into bankruptcy, in spite of the actions taken by central banks.

Consequently, the International Bank for Reconstruction and Development (IBRD) reduced its expectations for global economic growth to 2.5% in 2008, and 0.9% in 2009 and, to 4.5% for developing countries in 2009. Global trade growth is expected to shrink by 2.5% for the first time since 1982.



Economists expect that the present brittleness of the global financial system will see the effects of the crisis lasting for some time. They predict that the economic recession would prevail in 2009 as well, and a slender recovery can be expected during 2010 only if a balanced monetary and financial policy is adopted by the USA and other countries.

The Middle East will not be spared from the crisis and will witness a sharp slowdown in growth rates and a weak performance by regional economies. The Real GNP will not exceed 2.8% compared to 6% in 2008.

National Economy

Despite these adverse developments and the repercussions of the international financial crisis, the Qatari economy maintained a strong

growth rate during 2008, due to several factors, like the increase in oil prices during the first eight months of the year, and the sustained economic and financial reform policies which reinforced the Country's investment environment.

During the year, a series of macro projects were launched in various sectors including oil, gas, infrastructure, communications, health care, and education, with the total investment amounting to US\$ 130 billion. In addition to this, significant efforts were made to increase the LNG exports to 77 million tons by 2012.

According to the Economist Intelligence Unit (EIU), the Qatari economy realised a 11.8% growth in 2008, which is expected to increase to 13.4% in 2009. EIU also states that Qatar realised the highest per

capita income (US\$ 64.350 p.a.) despite predictions for a 0.4% global economic decline.

Qatar strongly believes in the vital role that human resources play in economic and social development. Hence, it is placing pronounced emphasis on investments in human resources. Since 2007, it has assigned 2.8% of the Country's gross expenses to scientific research. Qatar's expenditure on education amounted to QR 20 billion during 2008.

In the third quarter of the year, the economy performed strongly, with a 63% growth in GNP compared to the same period in 2007 (QR 108.39 billion compared to QR 66.56 billion, calculated at the then prevailing prices). The growth in GNP is an admirable achievement considering the effects of the global financial crisis and the drop in crude oil prices compared to the second quarter.



The highly dynamic Qatari banking sector has been successfully adapting to the latest international trends by drawing its strength from the prosperity of the Qatari economy.

This astonishing performance is nurturing hopes for a blooming future for the national economy, under the wise guidance of the Country's leadership, which is adopting a 'futuristic' vision of diversifying its income resources. On the other hand, QIB, along with other national companies, continue to play a vital role in consolidating the national economy through their activities of international magnitude.



The ultimate goal of the Government is to transform Qatar into an international centre. In this regard, it is concentrating on strengthening other economic sectors like financial services through Qatar Financial Centre, health care & educational services, construction of Energy City and Qatar Science & Technology Park and, the hosting of international conferences.



Qatari Banking Sector

The Qatari banking sector maintained its growth trend with assets leapfrogging to over QR 321.4 billion at the end of September 2008, deposits to QR 192.8 billion and financing to QR 199.6 billion.

National banks are adopting a prudent expansion strategy, under the patronage of Qatar Central Bank, which is ensuring the existence of an environment that is conducive for the development of this sector.

With a view towards supporting the banking sector in its efforts to tackle the challenges of the financial crisis, the Government, through Qatar Investment Authority, acquired a stake of around 20% priority shares in Qatari financial establishments.

Islamic Banking - International

The Islamic banking sector registered a strong growth, both locally and internationally, and today has a presence in over 80 countries.

Presently, around 400 banking and financial institutions are offering Islamic banking services, and there are over 300 Islamic investment funds. Assets of Islamic banks are expected to realise around 15% growth in the second quarter of 2009, with its aggregate value amounting to approx. US\$ 850 billion. Demand for Islamic banking products is estimated to reach US\$ 4 trillion within five years. Similarly, Islamic 'Sukuk' has reaped outstanding growth with issued 'Sukuk' reaping around US\$ 100 billion in less than a decade.

The international financial crisis was a pleasant proof of the unshakable foundations of Islamic banking. Numerous financial and economic experts are now recommending Islamic banking as a credible alternative to conventional financial solutions.

Islamic Banking in Qatar

Taking advantage of the huge growth opportunities offered by the local market, Islamic banking, led by QIB, realised significant growth in domestic activities, including the establishment of new Islamic banks and the introduction of Islamic banking services by existing commercial banks. As of September 2008, Islamic banks' stake in the total banking assets exceeded 17.5% amounting to QR 56.1 billion.

QIB holds a 53.64% stake in the total assets of Islamic banks and approx. 9% in the total assets of national banks.

QIB maintained its leading role in supporting the national economy. It continued to play a remarkable role in project financing for both the public and private sectors. With a 61% increase in its financing



The Qatari banking sector is developing at an accelerated pace; and hence it plays a vital role in the progress of the national economy. QIB is proud of its leading position in the Islamic banking sector.

portfolio, QIB now stands ahead of all the national banks in Project Financing and Infrastructure Projects. It is also playing an active role in developing the banking sector by expanding the reach of its services to all over the Country through a well-spread branch network.

Financial Results

During 2008, QIB recorded a phenomenal performance despite the unfavourable economic and financial circumstances. Outstanding results have been realised in its banking and investment operations, both locally and overseas, as reflected in a series of positive performance indicators. During the year our restructuring, domestic expansion and upgrading of technical operating systems witnessed significant developments.

Qatar Investment Authority's acquisition of a 10% stake (over 2 stages of 5% each in January and December 2009) in the share capital



of QIB through the issue of Priority Shares is a considerable development that will enhance the Bank's financial position and will enable it to keep pace with its targeted expansion goals and strategic plans. QIB has already received QR 956 million towards the January 2009 payment.

Financial Highlights

In spite of the adverse global financial conditions in the last four months of 2008, commendable growth has been realised by the Bank's balance sheet as shown below:

- **Net profit:** QR 1.643 billion in 2008 compared to QR 1.255 billion in 2007 (Growth: 30.8%)
- **Assets:** Increased to QR 33.5 billion in 2008 from QR 21.3 billion in 2007 (Growth: 57%)
- **Deposits:** QR 16.6 billion in 2008 compared to QR 12.2 billion in 2007 (Growth: 36%)

- **Financing Portfolio:** QR 18.8 billion in 2008 compared to QR 11.7 billion in 2007 (Growth: 61%)
- **Investment:** QR 5.9 billion in 2008 compared to QR 4.2 billion in 2007 (Growth: 41.2%)
- **Total Equity:** QR 7.1 billion in 2008 compared to QR 4.6 billion in 2007 (ROE: 27.9%)
- **ROA:** 6%

- **Earnings per Share:** QR 8.49 in 2008 compared to QR 6.85 in 2007 (Growth: 24%)

- **Capital Adequacy:** 17% (Regulatory/QCB Rate: 10%)

5-Year Financial Highlights

The ascending trend of the Bank's financial results over the past five years confirms the fact that the Bank has been recording unprecedented results since its establishment over 25 years ago. We can even consider these results as the best-ever results realised by any local, regional or international bank as denoted by the average growth rates in the 2004 -2008 period, depicted in the table here.

Domestic Business Group

The Domestic Business Group, considered to be the pivot of retail and corporate banking, financing, and investment services, realised outstanding results during 2008. Restructured in mid 2008, it has the following departments:

Item	Average Growth (2004-2008)	2008 compared to 2004
Equity	48%	377%
Net Profit	54%	459%
Capital	50%	405%
Assets	44%	333%
Financing/ Investment	46%	360%
Deposits	30%	185%
Earnings per Share	17%	85%



Our financial results reflect the profound care and appreciation we have for the trust of our shareholders and clients; and we are continuously working towards realising the best returns despite intense competition.

Corporate Financing Services

Record results were realised by this department, with financing leapfrogging from QR 8.6 billion in 2007 to QR 14.4 billion in 2008, an increase of 67%. This department played a leading role in sustaining the progress of the national economy by financing many vital national projects. Significant among them were:

- Financing the 'Cartier Channel' project, in which QIB participated by establishing a Shari'a-compliant closed investment fund for real estate development, with a capital of US\$ 300 million, for the development of this channel, and acted as the Investment Agent.
- Closed a US\$ 137.5 million worth 'Sukuk' sharing prospectus for financing the 'Gate' project of Al Salam Bounian Co. in West Bay, Qatar and acted as the Investment Agent.



- Advanced a US\$ 250 million financing for Ras Laffan Power & Water Project (C).
- Financed projects of Qatar Electricity & Water Co. to the tune of US\$ 144 million utilising Ijarah/Istisnaa.
- Funded the needs of Barwa Real Estate Investment Company with US\$ 1.1 billion.
- QR 350 million financing for Sameriya Tower.
- QR 178 million financing for Al Rames Tower.
- QR 264 million financing for Ezdan Real Estate Co.
- QR 220 million financing for Al Faisal Tower.

Branches

This department constitutes the principal delivery channels for the Bank's banking, financing and investment services. The branches

have now been transformed into full-fledged profit centres, each enjoying a great deal of autonomy in running its activities with a modern outlook.

During 2008 this department realised a phenomenal 195% increase in its profit compared to 2007. Financing increased by 52%, deposits by 29% and customer accounts went up by 11%.

During the year, QIB achieved a paradigm shift by developing and upgrading its branch network and by consolidating its e-network. In 2008, the Bank established five new branches, in Mesaimeer, Ras Laffan, Aljazeera Channel, Khartiyat, and in Muaitheer, bringing the total number of branches to 24, a figure which is expected to rise to 35 by 2012.

In terms of management and technology, the branch network has been sub-divided into four departments and the branch

interiors have been re-designed to accommodate the requirements of our customers who collectively hold over 80,000 accounts.

The Bank is also continuing with its plan to offer innovative banking and financing products to both retail and corporate customers.

E-banking

An aggressive plan for upgrading the e-banking business was implemented in 2008 by executing the following tasks:

The ATM network was further expanded with over 100 ATMs in order to ensure the existence of round-the-clock service.

Our Shari'a-compliant credit cards also experienced significant growth during 2008 - 42% for Visa Platinum, 22% for Visa Gold, 14% for Visa Classic and, 15% for Visa Electron (ATM).



The Bank has an extensive network of 24 branches and more than 100 ATMs well-spread over Qatar and is committed towards extending its banking services to its clients, wherever they are.

Following the directives of Qatar Central Bank, QIB implemented a mega project for issuing state-of-the-art e-cards that adopt the EMV technology, thereby ensuring high data safety and security features. QIB has been granted the CVV2 certificate by Visa International in recognition of its efforts to facilitate the use of cards over the Internet. The Bank has so far upgraded over 85,000 Visa Electron cards, introduced e-banking services, and has enhanced the role of its Call Centre.

Private Banking

This department is the Bank's interface with its high net worth customers. It ensures that our elite customers enjoy the highest level of privacy, confidentiality and convenience. During 2008 it succeeded in realising a herculean growth of 370% in customer deposits compared to 2007 and recorded a remarkable increase in



its share in investment projects (real estate projects, investment funds/ portfolios, investments in metals & commodities etc.).

During 2009 it plans to expand the reach and scope of its services by introducing new delivery channels as well as an integrated financial and investment service package for high net worth customers at the QIB-affiliated finance houses in Lebanon, Malaysia, the UK and, Qatar (QINVEST).

Real Estate Group

QIB's project financing is playing a very active role in the urban development of Qatar. The Real Estate Group presently manages projects worth billions of Riyals. During 2008, it financed projects worth QR 5.5 billion in total (completed, ongoing and targeted), both locally and overseas. These projects include the towers of Al Wuseil, Al Oweina, Al Faisal,

Al Sulaiti, Sheikh Abdullah, Ministry of Education, Qatar Olympic Committee and Courts of Justice, in addition to the Mall Complex and many other buildings.

Domestic Investments

During 2008 this sector realised remarkable results. For instance, our affiliate, Al Jazeera Islamic Co., in which QIB holds a 30% share, achieved a 76% growth in profit and a 94% increase in total assets, following the entry of new partners and an increase in capital. Similarly, Aqar Real Estate Development and Investment Co., in which QIB holds a 49% share, realised a 55% growth in assets and a 28% growth in net profit.

International Investments

All the finance houses owned by the Bank – Arab Finance House (Lebanon), Asian Finance Bank (Malaysia) and European Finance

House (UK) – recorded a positive performance during the year. The Bank's future expansion strategy aims to establish a presence in other markets as well, either by acquisition or by establishing financial institutions, after taking into account the economic and financial turmoil in the local and international markets.

Investment and Real Estate Development

Investment and international real estate development is one of the most profit-generating centres of our business. It has been successfully offering investment products through the real estate investment portfolios established in the UK, Germany, and France. The portfolios' commendable returns of 8% p.a. on an average has been constantly attracting potential investors and customers. Presently, QIB is managing real estate assets worth around 1.5 billion Euros through these portfolios.



QIB has introduced a qualitative transformation in its administration and infrastructure in order to keep pace with its accelerated growth.

QIB is also a strategic partner in promoting macro projects like the Al Seif Port in Bahrain and is continuously exploring new markets for investment opportunities.

Information Technology (Banking)

Upgrading the Bank's IT systems is a strategic priority in our quest to establish a state-of-the-art information technology environment, that is capable of offering the latest generation of e-banking services, building a sound database, linking the banking network and providing seamless connectivity among local and global banking institutions.

In the fall of 2008, the Bank opened a most modern data centre, equipped with all the sophisticated technical equipment like operating, control and security systems that are designed to ensure uninterrupted operations. Thirty projects were implemented to achieve this shift in quality in the Bank's data systems.



QIB is extremely confident that its hi-tech capabilities will catapult the Bank to the forefront of the international financial establishments and will ensure the flawless performance of its activities like Treasury, Risk, A/L, E-banking, Credit Cards, Financial Affairs, HR, Trade Finance (L/C's & L/G's), Remittances, Clearing with Local/Foreign Banks and, Archives.

Human Resources

After a radical restructuring in 2008, this department is now more capable of assuming strategic, administrative and operational responsibilities like managing recruitment, planning labour force, attracting Qatari nationals to our workforce, managing remunerations and awards, enhancing employee relationships, undertaking training programmes and implementing other HR services.

During the year we offered sixty nine training programmes to 1,396 employees, a growth of 339% over 2007.

The programmes (local and overseas) were offered in co-operation with a group of specialised regional and international training centres, covering all fields of our business. Programmes like these will keep the Bank abreast with the latest global developments in the industry.

At present, Qatari nationals represent 27% of our employees, and all our Branch Managers are also Qataris.

International Banking

QIB has further consolidated its correspondent banking network, which is now spread worldwide, with its scope ranging from exchange houses to regional and trans-continental centres.

Executives who are in charge of this line of operations supervise the management of international Forex activities (cheques, remittances, and international trade operations) through QIB's foreign accounts. Banking accounts in local and other currencies are also available through a large number of correspondent banks in all countries.

Rating & Awards

The 2008 performance of the Bank had a very positive effect on the ratings awarded by international rating agencies. Fitch and CI upgraded our ratings to A grade. Crédit Agricole Cheuvreux, one of the most famous equity brokerage companies in Europe, selected QIB as one of the best three investment choices in the GCC during 2009.

QIB has also been rated as the 2nd best Islamic bank worldwide and the 2nd best performing Qatari bank. It



In order to ensure the timely realisation of its aspirations, the Bank has developed a 5-year strategic plan that aims to position QIB as the leading Islamic bank in the world.

has been nominated as the 13th best performing institution among GCC banks and, the 33rd largest among GCC companies.

QIB has won the prestigious Euromoney award for Islamic Project Finance for the year 2009. The Bank has also been awarded the 'Best Islamic Property Financing' and, the 'Fastest Developing Islamic Bank' awards by Euromoney and, the 'Best Financing Bank in Qatar' award by ICG.

Five-year Strategy

A workshop organised in 2008 on QIB's 'Strategic Vision for the Coming Five Years', led to a re-definition of our 'Vision' in order to achieve the target of becoming the international leader in Islamic financing services.



A four-fold plan in terms of finance, customers, work environment and, know-how/growth has been adopted. A Balanced Service Card (BSC) has also been adopted to assess our progress towards our targeted goals in each of the long-term strategic paths (3-5 years) as well as the short-term ones.

The goals of the Bank's strategic plan are: to maximize the value offered to our shareholders and investors, to consolidate our domestic presence, to optimise the value of our international partnerships, and, to enhance the scope and quality of the services offered to our high net worth customers and satisfy their need to conduct their banking/investment transactions in a privileged and highly sophisticated environment.

In order to achieve these goals, the strategic plan proposes to ensure a well-structured methodology, develop better synergies among our manpower in order to achieve optimal productivity and adopt the principles of commitment and accountability.

It will also ensure the existence of proper incentive policies, the standardisation of practices, the development of internal policies and procedures and, the promotion of a culture of constructive change.

Social Responsibilities

During 2008, the Bank continued its unwavering support to the socio-economic development of the Qatari society.

In this regard, it participated in a wide range of social activities and programmes, and, supported and sponsored various educational, health care, cultural, sports and, charity activities with a financial assistance worth over QR 7 million.

Financial assistance granted through QIB's Zakat Committee increased by 9% compared to 2007, amounting to over QR 5 million, which brings the total charity assistance in the past five years to over QR 19 million.

Salah Jaidah
Chief Executive Officer (CEO)



Domestic Business Group

The Bank strongly believes that the local market provides excellent opportunities for growth and expansion. Hence, it has established a group of local affiliates in line with its vision to sustain its position as the leading financial institution in Qatar.



Domestic Business Group is one of the most important groups that was established during the Bank's restructuring process. It comprises of four departments - Corporate Financing Services, Branches, E-banking and, Private Banking.

Corporate Financing Services

The main duty of this department is to offer innovative Shari'a-compliant solutions to the satisfaction of our present and prospective customers.

QIB extends highly efficient corporate financing services through its specialised departments and experienced account officers. These specialised departments are Commercial and Industrial Financing, Real Estate, Contracting, and, Governmental and Semi-Governmental.



During 2008 Corporate Financing Services realised a record growth of 67% over 2007, with its financing figures increasing from QR 806 million in 2007 to QR 14.4 billion in 2008. The Department played a proactive role in the development and growth of various economic sectors of Qatar by offering a wide range of financing facilities to premier companies of the Country like Qatar Electricity & Water Co., Ezdan Real Estate Co., Barwa, Faisal Holding Co. etc.

The main sectors that fall under this department are: government and semi-government projects, private construction projects, real estate projects for commercial use, transport & communication (ships/airlines etc.), health care services, sports, water & electricity and trade finance.

The Department's plan for the year 2009 focuses on developing additional Islamic financing tools in

order to face the increasing demand for Islamic financing services. At the same time, it intends to further concentrate on the domestic market especially in the wake of the present global financial crisis during which the national economy proved its sanity in terms of financing, thus reducing the credit risks and ensuring adequate growth for the deposits of the Bank's depositors and shareholders.

Branches

The Branches Department constitutes the principal delivery channels for the Bank's banking, financing and investment services. All the branches have now been transformed into full-fledged profit centres, each enjoying a great deal of autonomy in running its activities with a modern outlook.

During the past few years this department has achieved remarkable

growth, with the number of branches increasing to 24, a figure which is expected to rise to 35 by 2012.

During 2008, the Bank established five new branches, in Mesaimeer, Ras Laffan, Aljazeera Channel, Khartiyat, and in Muaiter. The management and technological expertise of the branch network have also been upgraded and the interiors have been re-designed to keep pace with the ambitious expansion of the Bank's customer service, thus enabling the branches to offer a high quality service to the Bank's customers who collectively hold over 80,000 accounts.

During 2008 the Branches Department realised a phenomenal 195% increase in its profit compared to 2007. The financing operations increased by 52%, deposits by 29% and customer accounts went up by 11%.



The elite clientele of the Bank enjoy a highly personalised range of services from a distinguished team of banking and investment professionals.



E-banking

The establishment of this important department marked a significant step forward in the seamless delivery of the Bank's services during 2008. Established in December 2007, this department now comprises the below-mentioned divisions, following the completion of its restructuring process:

E-cards, Call & Customer Service Centre, E-banking, Customer Service & Co-ordination, E-branches, Phone Banking and, E-communication Channels.

This department strives to achieve an integrated operational environment. It aims to enhance the credit card and ATM services with the aid of over hundred units that cover the Country's strategic geographic points, expand the Call Centre's activities and, introduce Cash Deposit Service at selective ATMs. The Department expects to open its first e-branch during 2009.



In 2008 the Department recorded a 42% growth in Visa Platinum, 22% in Visa Gold, 14% in Visa Classic and, 15% in Visa Electron (ATM).

Following the directives of Qatar Central Bank, QIB implemented a mega project for issuing state-of-the-art e-cards that adopt the EMV technology, thereby ensuring high data safety and security features.

QIB has been granted the CVV2 certificate by Visa International in recognition of its efforts to facilitate the use of cards over the Internet. In this regard, the Bank has upgraded over 85,000 ATM/Visa Electron cards covering its entire customer base.

Private Banking

This department is the Bank's interface with its high net worth customers. It ensures that our elite customers enjoy the highest level of privacy and confidentiality, taking into account the magnitude of the accounts they hold with the Bank.

The Private Banking Department manages balances of over QR 2.5 billion. During 2008 it succeeded in realising a herculean growth of 370% in customer deposits compared to 2007 and recorded a remarkable increase in its share in investment projects (real estate projects, investment funds/portfolios, investments in metals & commodities etc.).

The Private Banking Department offers a wide range of specialised services to its customers, including managing their banking accounts; offering investment opportunities and related consultancy services; mobile banking service for cash deposits, remittances and submitting documents and; following up on the transactions made on customer accounts using credit cards.

During 2009 the Private Banking Department plans to expand the reach and scope of its services by introducing new delivery channels as well as an integrated financial and investment service package for the high net worth customers at the QIB-affiliated finance houses in Lebanon, Malaysia, the UK and, Qatar (QINVEST).



Operations & IT Group

We are keeping pace with the latest global trends by utilising state-of-the-art banking and information technologies that will help us to maintain our leading position and satisfy the aspirations of our clients.



This Group consists of the Information Technology (IT), Centralised Operations, Human Resources and Administration departments. Its primary function is to manage the Bank's human capital, delivery systems, security, administration and centralised operations. The fundamental role of this group is to assume a leadership position in ensuring that the strategic objectives are implemented in a manner that propels the Bank's business plan. The essential nature of this Group necessitates adherence to exemplary standards of professionalism and a strict observation of the governance dictates of the Bank.

Information Technology

The Bank implemented state-of-the-art technology upgrades during the end of 2008, transforming the Bank's IT platform into one that offers the latest generation of e-banking services, enhanced security features, upgraded global networking and high-performance connectivity among branches.

A new modern Data Centre, which is at par with the best information technology



industry standards, has been established as a strategic priority.

Substantial investments were made towards several IT projects related to new applications, for improved customer service, straight through processing, better housekeeping, strengthened security and the Disaster Recover site. These projects aim to provide the best quality service to customers and enhance the Bank's product offerings.

Centralised Operations

This department handles several functions ranging from Cash Management, Remittance Processing, Trade Services, Treasury Operations, Clearing etc.

Their key focus is to centralise the processing operations wherever possible and thereby free the branches from the back-office related workload so that they can fully concentrate on offering the best possible service to the Bank's customers.

Several new initiatives were undertaken to further centralise the processing operations related to post dated processing, authorisation of clearing etc. Processing of financing services will be centralised in the near future.

Human Resources

QIB has consistently strived to be an 'employer of choice' as the Bank considers its human capital to be of primary importance. The doubling of the Bank's manpower in the last few years led to the hiring of a senior executive with a PhD in Human Resources as the Department Head.

The HR Department underwent a radical restructuring in 2008, and is now able to more efficiently manage its strategic, administrative and operational tasks including recruitment, labour force planning, remuneration and awards, employee relationships and training, and the State's Qatarization programme. Presently, Qatari nationals represent 27% of the QIB workforce. All the

Branch Managers of the Bank are also Qatari nationals.

A wide range of training opportunities covering technical and vocational skills to soft skills such as leadership and team building are being offered to the Bank's employees. Last year the Bank offered 69 training programmes to 1,396 employees.

A new state-of-the art HR system is expected to be implemented during the first quarter of 2009.

Administration

This department supervises all the functions related to mail and electronic delivery systems, physical and electronic security, maintenance and engineering, bank premises, supplies and management of support staff, among others. During 2008 this department focused on strengthening the Bank's security, supporting QIB's branch expansion initiatives and researching cost-saving opportunities.



Finance Group

We are striving to be recognised internationally for adopting the best financial and professional standards and for maintaining high levels of transparency in our financial activities.



Prudent financial management, proactive liquidity monitoring and persistent compliance with regulatory controls are the main drivers of the development and growth of the Bank and its shareholders' investments.

The Finance Group is geared towards successfully implementing the latest sophisticated financial models and systems, adopting international accounting practices and establishing a proactive asset and liability management system in order to ensure the sustained growth of the Bank's financial position and profitability and to provide a high level of support and direction that the business demands in order to achieve its targets.



The Group's team of professionals continues to exhibit an unwavering commitment towards establishing the best financial management systems, policies, procedures and practices. The Group places special emphasis on automating the processing environment within the framework of 'straight through processing', thereby minimising manual intervention. During 2008 the 'Corona' reconciliation system was implemented and reconciliations with foreign and local correspondents are now done automatically on a daily basis. The Group is working closely with the IT Department to implement more sophisticated systems such as MIS and other support systems.

The Group led and co-ordinated the Bank's efforts with international rating agencies and succeeded in obtaining rating upgrades from Fitch and Capital Intelligence during 2008.

Plans are presently underway to further improve the financial reporting and internal control environment, while providing high level of proactive business support to meet and exceed the targets for 2009 and beyond. The Group is committed towards establishing and managing 'integrated finance systems' in order to cope with the Bank's expansion plans and diverse business lines.

The Group has played an equally important role in QIB's strategic planning initiatives and has actively participated in the related deliberations that were held in early December 2008.

The Finance Group is committed to play a proactive role in ensuring that the Bank realises its new vision of becoming 'the leading Islamic bank in the world'.

We continue to partner with various organisations in our endeavour to build a world-class entity. The demand on the finance function is promptly met by our team of professionals, who are backed by state-of-the-art technology and the best international practices. We are determined to establish the most desired model for a successful business.



Investment Banking & Development Group

Thanks to the wise strategy adopted by the Bank, our international investments have grown to be recognised as one of the key constituents of our operations and are gaining the appreciation of others.



The Investment Banking & Development Group is a direct outcome of the Bank's restructuring process. Its strategic vision is to maintain the Bank's leadership position in financing activities and Islamic banking, worldwide. In a short span of time, the Group has proven its efficiency by being at the forefront of a number of macro project financing and by utilising foreign and local investments in vital sectors.

The Investment Banking & Development Group comprises the following important departments:

Corporate Investments

This department's key role is to expand QIB's network and operations in existing and new territories through new licenses or by acquiring strategic financial institutions. Extensive studies on the markets, businesses and institutions have to be undertaken before any investment decision is made.



The Department's scope of work includes monitoring the Bank's portfolio of equities and the performance of each equity investment. This involves equity valuation, spin-off, and equity exit mechanism via private & public placements.

The Department is also involved in cross-selling across the network and in creating value among entities in which QIB holds strategic stakes. This involves the initiation of deals, synergies and joint business approaches vis-à-vis international clients.

Structuring and Product Development

This Department is responsible for initiating, structuring, financing, and syndicating Shari'a-compliant financing deals, which are backed by assets and securities (real estate, aircraft, shipping, raw materials

etc.), and complex and structured Shari'a-compliant facilities for large private and public sector companies. The Department also provides financial advisory services to the Bank's clients. Part of the financing operations are structured through 'Sukuk' (Islamic bonds), and involves investment agencies, security agencies, and specific account mechanisms. The financing is ensured through capital markets or through syndicated facilities. The Department has arranged financing facilities for premier Qatari companies, such as Qatar Airways and Qatar Electricity & Water Co.

Treasury

The Treasury Dealing Room is a profit centre which generates profits from FX margins (spreads) and arbitrage on FX – spot, forwards and swap business, utilising tools such as Wa'ad (unilateral promise FX forwards) and Muwa'ama

(structured forwards) contracts. A full profit-centre status will be achieved once the transfer pricing model and software are introduced. A corporate, Profit (Market) Rate Swap (PRS), and a proprietary desk are being established to supplement these activities and to elevate the treasury to a new level of strategic importance.

The Department also manages the local share portfolio and runs a matched book on inter-bank money market operations, trade finance, syndications, and other structured products, through Islamic financial tools such as Murabaha, Wakala, Mudaraba, Ijarah, and Musawama. It also employs asset diversification and Shari'a-compliant derivative products in hedging the foreign exchange exposures of monetary assets in accordance with ALCO directives. The treasury has assumed more risk management responsibilities as the



The finance houses established by QIB in various international markets have proved the Bank' stature as an internationally-renowned Islamic banking organisation whose roots are well entrenched in the local market.



risk treasury managers are poised to have a greater impact on the Bank's balance sheet.

One of the key functions of the Department is to manage the working capital in accordance with the regulated ratios and to introduce tools that will enable the Bank to take advantage of its capital's cost-efficiency by shifting some of its working capital burden to the inter-bank market. The Department is also involved in the finance chain of local and international organisations by acquiring commodities in the international market for on-sell to corporate customers. It is also engaged in mutual treasury dealings with the treasury departments of its



affiliate banks in Bahrain, Lebanon, London, Qatar, Syria and Malaysia and, plays a major role in the expansion of inter-bank relationships. A new dealing room with state-of-the-art infrastructure is being developed to expand the scope of the dealing room's activities.

Capital Markets

The exceptional growth and opportunities in the Islamic capital markets in the past two years, especially in Islamic bonds (Sukuk), inspired QIB to establish the Capital Markets Department to cater to the needs and demands of medium to long-term individual and corporate investors. The Capital Markets

Department plays a vital role in ensuring that the Bank's clients are provided with a strong in-depth knowledge and understanding of this young and expanding market, by offering access to major local & international investments.

The Capital Markets Department also manages the medium to long-term liquidity positions of the Bank and provides asset management services to both individual and corporate investors.

QIB's success in the global Sukuk market has been strengthened further with the successful listing and placement of Salam Bounian

Sukuk in February 2008, where the Bank participated as the Joint Lead Manager and Investment Agent.

In 2007, mandated positions were achieved with major roles such as Joint Lead Manager in the issuance of URC Sukuk, and a Senior Co-Lead Manager in Qatar Alaqaria Sukuk.

QIB's objective is to become a leader and market maker in both primary issuances of Sukuk and secondary market trading activities. This has enabled the Bank to invest in opportunities that offer high returns to both our clients and shareholders.



The far-sighted marketing and communications strategy of the Bank has contributed many folds towards successfully introducing our products and services, locally, regionally and internationally.



International Banking and Financial Institutions

The main task of this department is to enhance and expand business relations by identifying business opportunities in international markets. Cash management is secured through the Bank's accounts with correspondent banks, inland and around the globe. The Department also manages trade finance and international trade activities, including selling correspondent banking services to banks and financial institutions, thereby ensuring the steady flow of the Bank's business through agency arrangements and proper management of political risks.



Marketing and Corporate Communications

This department develops, upgrades and executes the Bank's marketing and communications strategy. It comprises of four units: marketing, public relations, media and corporate communications.

Marketing: This unit is entrusted with various responsibilities - from marketing campaigns to satisfying the needs of retail banking, organising sponsored conferences & meetings and managing the production of print materials, gift items and advertising campaigns.

Public Relations: Public Relations plays an active role in sponsoring major Islamic, economic, sports, social, educational and environmental events that are held in Qatar. It is also involved in donations to charity organisations. Recently, it launched a new system of co-operation with the embassies of countries where QIB has branches.

Media: This unit handles various aspects of media coverage including media campaigns, press releases, press conferences, media monitoring of local and international markets, interviews etc.

Corporate Communications: Corporate Communications is entrusted with the task of implementing the Bank's communications strategy and is responsible for creating a solid impression of the Bank in local and international communities, by employing sound publicity tools and by sponsoring social activities.

The Investment Banking and Development Group employs qualified and experienced professionals who have been previously associated with regional and international establishments which have strong financial ratings.



Risk Group

The Bank discharges its banking and investment activities with the aid of a seamless risk management system that operates with accurate analyses and a sound vision.



QIB is exposed to different types of risks in its normal course of business, including credit and counter party risk, liquidity and funding risk, market risk, and operational risk. The role of the Risk Group is to optimise the risk-return trade-off within defined limits by applying integrated risk management and control strategies, policies and procedures to all its activities.

The Bank views risk as an integral part of the development and diversification of its activities, and advocates a sound risk management approach in conducting its business. The purpose of risk management is to provide a reasonable assurance that all relevant risks have been identified at the initial stage itself, and that appropriate decisions have been taken. Furthermore, the risks which are undertaken should not exceed acceptable thresholds and risk-taking should contribute to the creation of shareholder value. For the Bank, this means striking a healthy balance between risk and return.

During its normal course of business, the Bank is primarily exposed to the following four types of risks:



Credit and Counter Party Risk

Credit and counter party risk is the risk of loss associated with the counter party's inability or unwillingness to fulfill its payment obligations.

Managing Credit and Counter Party Risk

The Risk Group manages the credit and counter party risk associated with every lending activity undertaken by QIB. Effective management of risk begins with the Business Units of the Bank. These units are represented by experienced and skilled Relationship Managers who assess customers' financial needs and submit their proposals to the Risk Group.

The Risk Group subjects each and every proposal to a rigorous independent review process, applying a disciplined risk management approach before recommending them to the Management for approval. All credit decision-making is conducted at the

management level in appropriation with the size and risk associated with each transaction and in accordance with the comprehensive corporate policies, standards, authority matrix, and procedures governing the conduct of risk-taking activities.

During the year, the Bank significantly strengthened the assessment process regarding its exposure to counter party risk by employing highly skilled credit officers and by introducing new procedures and systems. The elements that are more closely monitored are exposure by type of financial instrument, accuracy of the market value of transactions, and timely settlement of differences with counter parties.

The Bank believes that the additional measures adopted to monitor and control credit and counter party risks have enabled it to contain these risks within acceptable limits and, that its portfolio presently does not contain any counter party, obligor or exposure that may expose it to a risk of loss that

is above the acceptable level approved by the Board.

Allowance for Credit Losses

QIB employs a disciplined approach to provisioning and loan loss evaluation across all loan portfolios. Prompt identification of problem loans is a key risk management objective. QIB maintains specific allowances for credit losses, which reduces the carrying value of credit assets where there is evidence of deterioration in credit quality. Additionally, the Bank has an adequate level of general reserves.

Policies and Standards

QIB's lending principles are laid out in a series of corporate policies, standards, guidelines, directives and procedures, all of which are reviewed on a regular basis to keep them current and appropriate to our risk limits. The structure, limits, collateral requirements, ongoing management, monitoring and reporting of our credit exposures are all governed by these lending principles.



Projects Group

Development is the key focus of our operations. We established the Projects Group to keep pace with the emerging development trends and to upgrade the scope and quality of our services.



The Projects Group was established with the prime objective of managing special projects where extensive planning, co-ordination of efforts, and interrelated synergies are required. The Projects Group handles the responsibility of Project Management, Quality Assurance, and Corporate Governance and Policies & Procedures.

The Vision of the Projects Group is to contribute to the combined efforts of the Board of Directors and the Management to effectively enhance operational efficiency, maintain economies-of-scale, and achieve the overall corporate vision of QIB.



The Mission of the Projects Group is a part of the broader perspective of QIB's mission, which aims to contribute to the creation of greater value for shareholder funds and, to the maximization of customer satisfaction through project management, quality assurance and corporate governance.

Activities of the Projects Group

Following its establishment the Projects Group developed its short-term and long-term targets. The first major task performed was the successful partial sale of QIB's stake in its subsidiary to certain strategic partners, which earned the Bank a substantial profit during 2007, and the transformation of the subsidiary into a regulated finance company. In addition, the Projects Group also successfully managed a

number of IPO projects where QIB acted as the 'co-receiving bank'. The Projects Group, as a part of its routine activity, co-ordinates all the efforts aimed at developing, updating, and effectively implementing its corporate governance and policies & procedures. The Projects Group also assists the Management in developing harmony and synergy by restructuring the organisation of the Groups & Departments. The restructuring that was undertaken during the year resulted in the establishment of a full fledged E-banking and Customer Services Department, with a mission to deliver state-of-the-art technology, including highly proficient Internet banking and e-channel services, to QIB customers.

The restructuring also paved the way for the formation of the Credit Support Department with a mission to streamline the credit appraisal and approval process. Currently, the Group is actively participating in the overall IT assessment of QIB; the Business Continuity Process; the development and formation of highly viable shopping malls in the GCC; the establishment of joint ventures for developing commercial centres; the development of Islamic brokerage services; the establishment of the Financial Services and Credit Bureau; and the launch of the first-ever 'Stored Value Cards' in the GCC region.



Real Estate Group

The Bank has today grown to be recognised as the leader of Islamic real estate finance and is considered to be the main strategic partner of the construction and real estate sector.

The Real Estate Group is considered to be one of the main groups of the Bank. Since its inception in the early 1990s it has been offering a distinguished array of services to customers involved in construction projects and real estate investments. The Bank has been playing a vital role in the development and progress of the construction sector in the State of Qatar by facilitating the implementation of a wide range of key projects by providing them with Shari'a-compatible financing instruments such as Istisnaa, Ijarah 'lease-to-own' and 'diminishing partnership' besides others.





The Real Estate Group provides sound technical and engineering advice to the Bank's clients. It also provides the concerned departments with all the necessary technical and engineering studies, project assessments and reviews of economic feasibility studies in order to facilitate the conclusion of the financing and implementation contracts with the Bank's clients. It also supervises the construction and equipment infrastructure of new branches.

The Group manages projects that are owned by the Bank and for which the Bank has offered financing and management contracts. It undertakes the control, performance appraisal, and supervision of these projects. The Real Estate Group partakes

in all stages of a project from initial planning, design, tendering, and contracting to performance, completion, maintenance, and delivery. It has effectively made QIB the leader of turnkey projects in Qatar.

The value of the projects managed by the Group, both inside and outside Qatar, is estimated to be in the region of billions of Qatari Riyals. During 2008 the Group implemented real estate projects (including delivered, under construction and targeted ones) worth around QR 5.5 billion in Qatar. The most important of these are Lusail Tower, Al Owainah Tower, Al Faisal Tower and Sheikh Abdullah Tower. The Group also implemented towers for the Ministry of Education and Higher Education,

Qatar Olympic Committee, and, Courts of Justice. It had an active presence in many significant real estate projects like Al Sulaiti Tower and Mall Complex.

The achievements of the Real Estate Group are a true reflection of the construction and real estate projects in Qatar, and reiterates its position as the ultimate authority of Islamic real estate financing, both inside and outside Qatar.



Domestic Investments

The pronounced emphasis that the Bank placed on local investments right from an early stage of its operations led to the establishment of local organisations such as Al Jazeera Islamic Company and Aqar Real Estate Development and Investment Company.



Established in 1989, Al Jazeera Islamic Co. is jointly owned by QIB (30%) and other institutions such as Qatar Insurance Company (QIC) and QNB.

As one of QIB's main arms in the local market, it spares no effort in satisfying the needs of its customers. Its transactions are monitored by QIB's Shari'a Supervisory Board, and it utilises Islamic financial tools such as Mudaraba, Musharaka, Musawama, Murabaha, Istisnaa, Ijarah and others.



The Company deals with most of the local suppliers (like car dealers; furniture, home appliances, jewellery, electrical and electronic showrooms; etc.) and covers a wide range of activities.

By purchasing goods on a cash basis, it actively participates in the capital of these suppliers.

Since its inception, Al Jazeera Islamic Co. has been an active player in the development of the national economy and has acquired a remarkable position in the market, thanks to its innovative and customer-oriented services.



Realising the importance of the real estate sector as one of the main driving forces of the economy, QIB established Aqar Real Estate Development and Investment Company in year 2000 as a joint venture. QIB holds 49% shares in the Company while the Endowment Department and the General Authority for Minors Affairs hold 34% and 17% shares respectively.

The Company started operations in 2001 after putting together a team of industry-leading real estate experts.

Aqar aims to keep pace with the latest developments in the real estate sector and has adopted a system of policies & procedures to monitor its performance and to maximize results for its customers and shareholders.



Licensed in May 2007 with a declared capital of US\$ 1 billion and a paid-up capital of US\$ 500 million, QINVEST is the largest financial establishment to commence operations in Qatar Financial Centre (QFC). QIB played a key role in establishing QINVEST and holds a 25% stake in the Company. Gulf Finance House has a 15% stake and a group of strategic partners (both corporates and individuals) hold the remaining 65% shares.

Dhow Gulf Opportunities Fund (DGOF): QIB, QINVEST and Silver Leaf Capital (SLC) jointly established the Shari'a-compliant DGOF with a capital of US\$ 1 billion. It is the first fund in Qatar to be operated in line with international private equity standards. The fund will be managed by the Doha-based Dhow Investors Advisor Company (DIA). It aims to attract foreign investments to the region, in general and Qatar, in particular.



Global Investments

Globalisation has become a significant feature of the strategic operations of the Bank. Today, it has an active presence in the Middle East, Europe and Asia through its network of finance houses.

QIB has a long-term strategic vision for investments. The Bank considers its regional and international environment as one consolidated unit, as it strongly believes that in this era of globalisation banks have to expand their operations beyond their existing geographical boundaries if they have to surpass the challenges of globalisation. The Bank has thus adopted an international expansion strategy and has identified certain regional and international markets for its international investments. This will ensure a highly visible international presence for the Bank.

QIB has, so far, established the following finance houses in various markets around the world:



بيت التمويل العربي ARAB FINANCE HOUSE



Arab Finance House (AFH) was established in 2004 by a group of strategic partners from Qatar and other GCC countries with a capital of US\$ 100 million. AFH is the first full fledged Islamic bank (commercial and investment) in Lebanon. It offers a wide range of corporate and retail banking services based on Islamic Shari'a principles. It also serves the banking requirements of Qataris and other GCC nationals who travel to Lebanon for investment, economic, tourism, educational or health care purposes.



Asian Finance Bank (AFB) was established in Malaysia during the end of March 2007 by QIB

(70%), Rasd Bank (20%) and Global (10%). AFB is considered to be QIB's gateway to the lucrative Asian market. It specialises in mega investments and corporate financing in Malaysia and in the neighbouring countries which have investment links with the GCC countries and aims to expand its operations to Indonesia and Brunei in the near future.



European Finance House (EFH) was provided with the license to operate in the UK by the British Financial Services Authority (FSA) in the beginning of 2008. It signals QIB's entry into the European market, in general, and into the French and German markets, in particular. EFH will manage a wide range of investments in key sectors such

as real estate and appropriation of assets, and will extend banking and investment services to the Muslim community in Europe, from whom there is an increasing demand for Islamic banking services.

International Investment Funds Badr and Rayan Funds

QIB is considered to be a pioneer in establishing and managing real estate investment funds in various markets around the world, especially since the success of the 'Badr' series of funds that was first launched in the UK in 2000, and then in France, the USA and Germany; and the Rayan series of funds that was launched in France and Germany. High returns (average of 8% pa) have been a significant feature of these funds, which have been invested in real estate properties in the UK, France, Germany, the USA and Belgium. This has attracted the participation of a distinctive category of customers and investors.



Shari'a Supervision

Observing Islamic Shari'a principles and guidelines is the core objective of an Islamic bank. Hence the Bank strictly abides by these principles in all its banking and financing transactions.

Established in 1982, QIB is the first Islamic financial institution in Qatar. Since then, thanks to Almighty Allah and with the guidance of the Bank's Shari'a structure, it has maintained strict compliance with Shari'a principles in all its financial transactions.

Shari'a Supervisory Board (SSB)

QIB's Shari'a Supervisory Board is composed of eminent scholars who are globally renowned in the field of commercial and financial Islamic transactions.

With a view towards improving the quality of its banking processes, the Shari'a Supervisory Board established the Executive Committee under the Shari'a Supervisory Board.



Executive Committee (EC)

The Executive Committee of the Shari'a Supervisory Board reviews the contracts and transactions that are presented to them and assists in developing Shari'a-compliant solutions for any operational issues that may arise during the day-to-day operations of the Bank.

The EC keeps the Shari'a Supervisory Board updated of all the decisions that it may undertake and forwards to the Board all unresolved issues that may require a decision from the Board.

The above-mentioned framework ensures that all transactions at QIB are performed in strict compliance with Shari'a guidelines.

Shari'a Audit Department (SAD)

The main role of SAD, which is composed of Shari'a Auditors, is to review the transactions of the Bank. The audit may occur either while structuring new products or after completing the transactions.

SAD reports to the Shari'a Supervisory Board and its Executive Committee on a quarterly basis.

It is also involved in the training of the Bank's employees in order to make sure that they understand the Shari'a guidelines that they have to abide with in the Islamic banking industry.

SAD takes great care in ensuring that all the Shari'a decisions of the Board and its Executive Committee are fully implemented.

It also ensures the seamless co-ordination between the Shari'a Supervisory Board, its Executive Committee and the Management of the Bank.

SAD aims to preserve the inherent identity of the Islamic banking industry by ensuring that all the transactions performed by the Bank are in strict compliance with the directives and guidelines of the Shari'a Supervisory Board.



Ratings & Awards

The outstanding financial results, highly successful financing operations and innovative products have earned the Bank top-class ratings and accreditations from international bodies.

QIB has succeeded in establishing a recognisable global presence in the past 27 years. Today it also enjoys commendable ratings from international rating agencies which has elevated its status to a higher plateau among its regional and international peers.

Fitch Ratings 2008

On 21 May 2008, Fitch upgraded QIB's Term Issuer Default Rating to A from A- and its short-term IDR to F1 from F2. The outlook for long-term IDR remains 'stable'. Fitch has also re-affirmed the Bank's individual rating as C and its Support Rating as 1.

The IDR upgrade recognises the systematic importance QIB has attached to the Qatari market, given its pioneering role in Islamic banking, its dominant 53% market share in Islamic banking, and its overall market share of around 10%.

The Fitch report stated that the probability of support for QIB is 'extremely high', reflecting the Qatari authorities' ability and propensity to support a relatively small market.



Capital Intelligence Rating 2008

The international rating agency Capital Intelligence (CI) has upgraded QIB's sovereign rating to AA- from A+ for the long-term and to A1+ from A1 for the short-term.

The agency also upgraded the foreign currency rating to A from A- for the long-term and to A2 from A3 for the short-term, the financial strength rating to A from A- and the outlook as 'stable'.

CA Cheuvreux

Crédit Agricole Cheuvreux, a leading European shares specialist and equity broker, provided QIB with a 2/Outperform rating, re-affirming its status as the leader of the Islamic banking sector in Qatar.

Awards

Euromoney Award 2009

QIB has won the prestigious 'Euromoney Islamic Project Finance Deal of the Year' in recognition of its Shari'a-compliant financing deal for the Ras Laffan Power and Water

Project (C), last year's largest non-recourse power and water project in the region. The Ras Laffan Power and Water Project (C) Islamic finance deal with Ras Laffan Power Company was worth US\$ 250 million.

Euromoney Awards 2008

QIB won two prestigious awards from Euromoney - 'Best Real Estate Finance House' and 'Most Improved House'.

Award for the 'Best Re-branding of an Islamic Bank', and award for the 'Best Advertising & Marketing Campaign from Islamic Business & Finance'.

'Best Performing Bank' award in 2005 and 2006.

Best Finance House in Qatar

QIB was rated by the London-based Islamic Conference Group (ICG), as the best finance house in Qatar in real estate financing. This was mainly due to the major role played by the Bank in

financing real estate development (towers and residential & commercial complexes) and infrastructure projects in Qatar.

Among the Top 50 Companies in the GCC

Arab Business magazine rated QIB as one of the top 50 best performing companies in the GCC due to the remarkable performance and growth realised by the Bank. QIB was the only Qatari bank to feature in the top 50 list. This rating reflects the Bank's ongoing success in offering cutting-edge banking and financing services in line with the remarkable progress witnessed by the Islamic banking industry.

The Banker Rating

The international magazine, The Banker, ranked QIB as 14th out of 1,000 banks in the world in terms of Profit-to-Assets Ratio, as a result of its return rate of 6.8%.



Strategic Partnership with the Society

We realise that our roots are deeply entrenched in the Qatari society. This places a massive responsibility on our shoulders. Hence we are committed towards playing a proactive role in various activities and causes that are aimed at enhancing the overall well-being of the Qatari society.

As an integral part of the Qatari society, QIB continues to be a strategic partner of various social activities and is committed to remain in constant touch with all sectors of the society. Wherever there is a need, the Bank is always at the forefront, staunchly supporting social empowerment programmes as well as the objectives of the Country's wise leadership to practice the qualities of integration, reciprocal responsibility and solidarity in line with the noble teachings of Islam and the eminent traditions of the Prophet, peace and blessings of Allah be upon Him.



During 2008 the Bank extended assistance worth around QR 7 million to various educational, cultural and health care activities, sports clubs, social and charity societies, school activities, conferences, exhibitions and sports functions.

The Bank, through its Zakat Committee, diligently works towards upholding the Shari'a principles and objectives. Every year the Committee donates Zakat worth thousands of Qatari Riyals to various needy causes, from the funds donated by the Bank's shareholders and clients and from the donations collected through special alms boxes. During the past five years the Committee extended assistance worth around QR 19 million, of which QR 5 million was distributed during 2008.

QIB actively participates in various soci-economic empowerment activities with a view towards achieving its objective of becoming an Islamic establishment that is fully aware of and is committed to its responsibility towards the society.



Financial Highlights





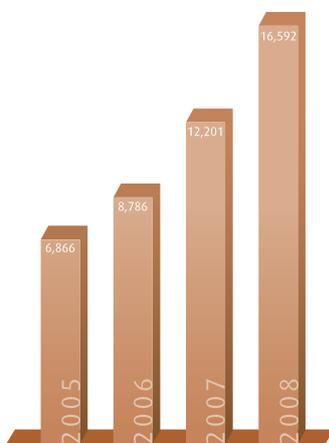
(Amount in QR million)

	2008	2007	2006	2005	2004
Total assets	33,543	21,336	14,889	9,552	7,742
Deposits	16,592	12,201	8,786	6,866	5,817
Financing & Investments	24,798	15,882	10,100	7,586	5,341
Operating income	2,555	1,694	1,533	859	553
Net profit	1,643	1,255	1,003	512	294
Earnings per share	8.49	6.85	8.95	4.74	4.58
Total shareholders' equity	7,143	4,629	4,246	2,097	1,497
Share capital	1,969	1,193	1,193	663	390
Time deposits	6,577	3,576	3,046	2,218	2,185
Saving & investment deposits	4,918	4,241	3,376	2,436	2,309
Customers' current accounts	5,097	4,384	2,364	2,212	1,323

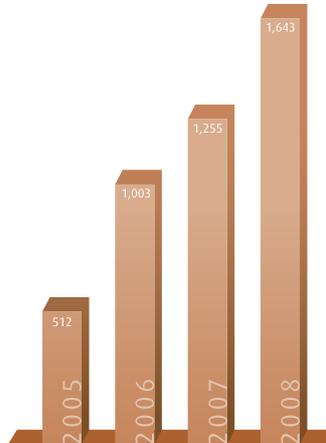


Key Performance Indicators

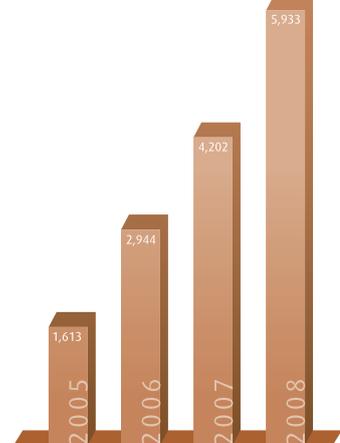
Deposits
(in QR Million)



Net Profit
(in QR Million)

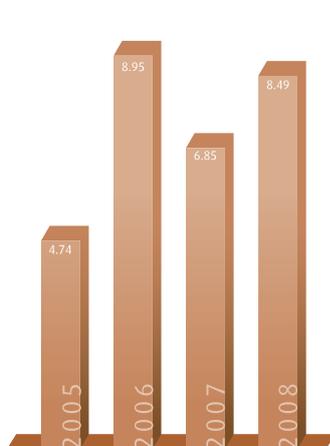


Investments
(in QR Million)

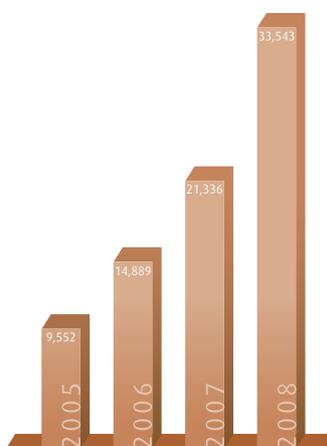




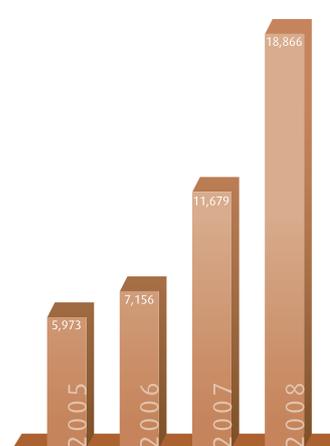
Earnings Per Share
(in QR)



Assets
(in QR Million)



Financing
(in QR Million)





Independent Auditors' Report

to the Shareholders of Qatar Islamic Bank (S.A.Q.)

We have audited the accompanying consolidated financial statements of Qatar Islamic Bank (S.A.Q.) ("the Bank") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of 31 December 2008 and the related consolidated statements of income, consolidated statement of changes in shareholders' equity and consolidated cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes 1 to 35. These consolidated financial statements and the Group's undertaking to operate in accordance with Islamic Shari'a rules and principles are the responsibility of the Group's directors and management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the International Standards of Auditing and Auditing Standards issued by the Accounting and Auditing Organisation for

Islamic Financial Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2008, and the results of its operations and its cash flows for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions, and the Shari'a

rules and principles as determined by the Shari'a Board of the Group, and the instructions issued by Qatar Central Bank for Islamic banks operating in Qatar.

Further, we confirm that the financial information included in the Annual Report of the Bank's Board of Directors is consistent with the books of account of the Bank. We report that we have obtained all the information we considered necessary for the purpose of our audit; and that nothing has come to our attention which causes us to believe that the Bank has breached any of the applicable provisions of Qatar Commercial Companies Law No. 5 of 2002, Qatar Central Bank Law No. 33 of 2006 and its amendments, or the Articles of Association of the Bank which would materially affect its activities or its financial position as at 31 December 2008.

Ahmed Badawi
of PricewaterhouseCoopers
Auditor's Registration No. 249
8 February 2009

Consolidated Balance Sheet

as at 31 December 2008

Amounts expressed in thousands of Qatari Riyals

	Notes	2008	2007
Assets			
Cash and balances with central bank	5	1,023,181	1,256,826
Due from and investments with banks and financial institutions	6	6,367,721	3,364,522
Due from financing activities	7	18,865,895	11,679,082
Financial investments available for sale	8(a)	2,947,154	2,116,803
Investments in associates	8(b)	1,650,436	862,887
Other investments	9	1,334,972	1,222,315
Fixed assets	10	260,347	101,757
Other assets	11	1,093,452	731,576
Total assets		33,543,158	21,335,768
Liabilities			
Liabilities, unrestricted investment accounts, Minority interest and shareholders' equity			
Due to banks and financial institutions	12	8,696,716	3,604,378
Customers' accounts	13	5,097,251	4,384,352
Other liabilities	14	885,792	783,428
Total liabilities		14,679,759	8,772,158
Unrestricted investment accounts	16	11,494,597	7,816,480
Minority interest	17	225,910	118,168
Shareholders' equity			
Share capital	18	1,969,110	1,193,400
Legal reserve	18	2,932,910	1,858,850
General reserve	18	547,652	109,964
Risk reserve	18	358,856	92,246
Fair value reserve	18	(76,009)	15,573
Translation reserve	18	(51,656)	-
Proposed bonus shares		-	596,700
Proposed cash dividend	18	1,378,377	238,680
Social contribution reserve		41,064	-
Retained earnings	18	42,588	523,549
Total shareholders' equity		7,142,892	4,628,962
Total liabilities, unrestricted investment accounts, Minority interest and shareholders' equity		33,543,158	21,335,768

These financial statements were approved by the Board of Directors on 18 January 2009 and were signed on their behalf by:

Sheikh Jassim Bin Hamad Bin Jassim Bin Jabr Al Thani
Chairman

Mr. Salah Mohammed Jaidah
Chief Executive Officer

Consolidated Statement of Income

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

	Notes	2008	2007
Income			
Income from financing activities	19	1,328,065	839,109
Net income from investing activities	20	1,071,355	741,093
Total income from financing and investing activities		2,399,420	1,580,202
Commission and fees Income	21	236,132	100,832
Commission and fees expenses	21	(12,954)	(13,062)
Net income from commission and fees		223,178	87,770
(Loss)/gain from foreign exchange operations, net	22	(80,734)	5,030
Other operating income		12,714	21,480
Net operating income		2,554,578	1,694,482
Expenses and provisions			
General and administrative expenses	23	(424,349)	(306,424)
Depreciation on fixed assets		(19,590)	(11,341)
Provision for impairment of due from financing activities, net	7	47,750	(1,416)
Provision for impairment of financial investments	8	-	(4,000)
Provision for impairment of other investment	9	(65,011)	(12,138)
Net operating profit		2,093,378	1,359,163
Income from dilution of interest in a subsidiary	24	-	306,354
Net profit for the year		2,093,378	1,665,517
Less:			
Unrestricted investment account holders' share of profit	25	(388,667)	(342,801)
Minority interest of subsidiaries profit	17	(62,170)	(67,312)
Net profit for the year attributable to shareholders		1,642,541	1,255,404
Basic and diluted earnings per share (in Qatari Riyals per share)	26	8.49	6.85

Consolidated Statement of Changes in Shareholders' Equity

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

2008	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Translation reserve	Proposed bonus shares	Proposed cash dividend	Social contribution reserve	Retained earnings	Total
	Balance as of 1 January 2008	1,193,400	1,858,850	109,964	92,246	15,573	-	596,700	238,680	-	523,549
Bonus shares issued	596,700	-	-	-	-	-	(596,700)	-	-	-	-
Rights issue (Note 18b)	179,010	1,074,060	-	-	-	-	-	-	-	-	1,253,070
Proceeds from sale of share fractions of bonus shares	-	-	-	-	-	-	-	-	-	237	237
Cash dividend for 2007	-	-	-	-	-	-	-	(238,680)	-	-	(238,680)
Net profit for 2008	-	-	198,130	-	-	-	-	-	-	1,444,411	1,642,541
Share of profit from associate (Note 8b)	-	-	239,558	-	-	-	-	-	-	(239,558)	-
Net movement in risk reserve for 2008	-	-	-	266,610	-	-	-	-	-	(266,610)	-
Fair value reserve, net	-	-	-	-	(91,582)	-	-	-	-	-	(91,582)
Translation reserve	-	-	-	-	-	(51,656)	-	-	-	-	(51,656)
Proposed cash dividends	-	-	-	-	-	-	-	1,378,377	-	(1,378,377)	-
Transfer to Social contribution reserve	-	-	-	-	-	-	-	-	41,064	(41,064)	-
Balance at 31 December 2008	1,969,110	2,932,910	547,652	358,856	(76,009)	(51,656)	-	1,378,377	41,064	42,588	7,142,892

2007	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserve	Proposed bonus shares	Proposed dividend	Retained earnings	Total	
	Balance at 1 January 2007	1,193,400	1,870,707	90,215	51,073	52,173	-	835,380	152,590	4,245,538
Cash dividends for 2006	-	-	-	-	-	-	(835,380)	-	-	(835,380)
Net profit for 2007	-	-	-	-	-	-	-	1,255,404	-	1,255,404
Share of profit from associate (Note 8b)	-	-	28,029	-	-	-	-	(28,029)	-	-
Net movement in risk reserve for 2007	-	-	-	41,173	-	-	-	(41,173)	-	-
Fair value reserve, net	-	-	-	-	(36,600)	-	-	-	-	(36,600)
Sale of Al Jazeera Islamic Co	-	(11,857)	(8,280)	-	-	-	-	20,137	-	-
Proposed cash dividends for 2007	-	-	-	-	-	-	238,680	(238,680)	-	-
Proposed Bonus Shares for 2007	-	-	-	-	-	596,700	-	(596,700)	-	-
Balance at 31 December 2007	1,193,400	1,858,850	109,964	92,246	15,573	596,700	238,680	523,549	4,628,962	

The notes from 1 to 35 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

	2008	2007
Cash flow from operating activities		
Net profit for the year before share of profit for unrestricted investment account holders and minority interest	2,093,378	1,665,517
Adjustments for:		
Depreciation on fixed assets	19,590	11,342
Profit on sale of fixed assets	-	(14)
Provision for financial investments	(4,524)	(1,151)
Provision for impairment of other investments	65,011	12,138
Share of profit from associate	(239,558)	(30,098)
Profit from investment revaluation	13,069	(6,984)
Loss/(profit) on foreign exchange	20,915	(66,651)
Profit on sale of financial investments	(178,313)	(141,189)
Profit on dilution of interest in subsidiary	-	(306,354)
Income from revaluation on investment property at fair value	(198,129)	-
Profit on sale of other investments	(119,769)	(170,208)
Net operating profit before changes in operating assets and liabilities	1,471,670	966,348
Net decrease/(increase) in assets:		
Balances with banks and financial institutions	(704,592)	(73,506)
Reserve with Qatar Central Bank	(417,106)	(134,524)
Due from financing activities	(7,186,813)	(4,523,075)
Other assets	(361,639)	(269,272)
Net increase/(decrease) in liabilities:		
Due to banks and financial institutions	5,092,337	2,457,136
Customers accounts	712,899	2,020,633
Other liabilities	157,499	106,996
	(1,235,745)	550,736
Payment to unrestricted investment account holders	(365,610)	(297,870)
Net cash (used in)/from operating activities	(1,601,355)	252,866
Cash flow from investing activities		
Purchase of financial investments	(2,166,690)	(1,437,490)
Additional investment in Associate company	(612,517)	(364,000)
Proceeds from sale of financial investments available for sale	1,373,860	845,315
Proceeds from dilution of interest in subsidiary	-	390,000
Purchase of other investments	(545,984)	(925,848)
Proceeds from sale of other investments	686,065	852,177
Dividend received from associate company	-	2,000
Purchase of fixed assets	(178,030)	(28,164)
Proceeds from sale of fixed assets	-	23,561
Net cash used in investing activities	(1,443,296)	(642,449)
Cash flow from financing activities		
Increase in share capital	179,010	-
Increase in legal reserve	1,074,060	-
Increase in unrestricted investment accounts	3,678,117	1,394,431
Dividend distributed	(238,680)	(835,380)
Net cash from financing activities	4,692,507	559,051
Net increase in cash and cash equivalents	1,647,856	169,468
Cash and cash equivalents - Beginning of the year	4,053,090	3,883,622
Cash and cash equivalents - End of the year (Note 32)	5,700,946	4,053,090

The notes from 1 to 35 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

1. Legal status and principal activities

Qatar Islamic Bank (S.A.Q) ("QIB" or "the Bank") was incorporated on 8 July 1982 as a Qatari shareholding company by the Emiri Decree Number 45 of 1982 to provide banking services, investment and financing activities through various Islamic modes of financing such as Murabaha, Mudaraba, Musharaka, Musawama, Istisna and others. It also carries out investment activities for its own account or on behalf of its customers. The activities of the Bank are conducted in accordance with the Islamic Shari'a principles, as determined by the Shari'a Committee of the Bank and in accordance with the provisions of its Memorandum and Articles of Association.

The Bank operates through its head office located in Grand Hamad Street, Doha, and 16 branches in the State of Qatar. The Bank's shares are listed on the Doha Securities Market.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are as given below. These policies have been consistently applied to all the years presented except as explained in note 2(d).

a) Basis of preparation

The consolidated financial statements of the Bank and its subsidiaries (together "the Group") are prepared under the historical cost convention as modified for measurement at fair value of financial investments, in accordance with Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), International Financial Reporting Standards (IFRS); where AAOIFI guidance is not available, related regulations of Qatar Central Bank and applicable provisions of the Qatar Commercial Company's Law.

The preparation of financial statements in conformity with AAOIFI requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting right. The existing and effect of potential voting right that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination and measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated and are considered an impairment indicator of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

2. Significant accounting policies (continued)

a) Basis of preparation (continued)

i) Subsidiaries (continued)

The Bank's principal subsidiaries are listed below:

	Country of Incorporation	Principal business activity	Share Capital	Percentage of equity
Al Aqar Real Estate Development and Investment (AQAR)	Qatar	Property Investments	190,000	49%
European Finance House	Jersey	Investment banking	179,341	60%

QIB has the power to cast the majority of votes in the Board of Directors meetings of AQAR (5 out of 8 members in the Board).

On 28 January 2008, the Bank acquired 60% equity in European Finance House (EFH) for an aggregated cash price of GBP 15 million equivalent to QAR 107.6 million (15 million equity shares of par value GBP 1 each equivalent to QAR 7.17). EFH obtained license to operate as an Islamic Investment Bank from Financial Services Authority, United Kingdom on 29 January 2008.

ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (Note 8b).

The Group's share of its associates post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in Qatari Riyals, which is the functional currency of the Bank. Transactions in foreign currencies are translated into Qatari Riyals at the exchange rate prevailing at the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated into Qatari Riyals at the rates ruling at the balance sheet date. Resulting exchange gain and losses appear in the consolidated income statement.

Transaction and balances

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in the income statement, and other changes in carrying amount are recognised in equity.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

2. Significant accounting policies (continued)

b) Foreign currencies (continued)

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- I. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- II. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- III. all resulting exchange differences are recognised as a separate component of statement of shareholders' equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to statement of shareholders' equity within the "translation reserve". When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

c) Revenue recognition

Revenues on financing transactions are recognized on accrual basis using the reducing installment method. Income on non performing financing accounts is suspended when it is not certain the Group will receive it and in accordance with Qatar Central Bank's instructions.

Income from funds, sukouk, shares and other investments is recognised when the right to receive profit/dividend is established.

Fees and commissions are recognised as income when earned. Fees for structuring and arrangement of Islamic financing transactions for and on behalf of other parties are recognised as income when the Group has fulfilled all its obligations in connection with the related transaction.

d) Valuation of financial investments available for sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in profit rates, exchange rates or equity prices.

All investments in equity shares, sukouk and funds are classified as investments available for sale and are measured at fair value on individual basis unless a reliable fair value estimate is not available. Unrealised gains arising from a change in the fair value is recognised in the fair value reserve under shareholders' equity and equity of the unrestricted investment account holders, until it is sold, at which time the cumulative gain previously recognised in shareholders' equity and equity of unrestricted investment accounts is included in the consolidated statement of income. Unrealised losses occurring on specific investments due to changes in fair value are recognised in the consolidated statement of income if they exceed the available fair value reserve for that investment. Future unrealised gains on that investment are recognised in the consolidated statement of income to the extent of unrealised losses previously recognised. Any excess is taken to the fair value reserve. In case where objective evidence exists that investment is impaired for unlisted equity investments, the recoverable amount of that investment is determined and any resulting impairment loss is recognised in the consolidated statement of income as a provision for impairment of investments. Impairment losses recognised in consolidated statement of income on equity instruments are not reversed through the consolidated statement of income.

Change in accounting policy

In October 2008 the AAOFI has made a revision in treatment of available for sale investments measurements i.e. with effect from July 1, 2008 any unrealised losses resulting from re-measurement at fair value of investments in sukuk and shares available for sale have now been allowed to be presented in equity as "Investment fair value reserve" provided that there is no impairments effects on the investments available for sale, refer note 18 (e)

e) Fair value

The fair value of financial investments traded on active markets is determined by reference to quoted market bid prices at close of business on the balance sheet date. For financial investments that do not have a quoted market price, the fair value is determined at cost or recent arms length market transactions between knowledgeable willing parties, if available, reference to the current fair value or another instrument that is substantially the same or discounted cash flows or brokers quotes where available.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

2. Significant accounting policies (continued)

f) Date of recognition of financial transactions

All financial assets and liabilities are recognised using settlement date which is the date that an asset is delivered to or by the Group.

g) Investments in property and other assets

Investment in properties and other assets held for leasing and capital appreciation

Investments in property and assets acquired for leasing are carried at cost, less provision for impairment. Gains or losses on sale of investments are recognised upon sale. Depreciation for investment in property is provided on a straight-line basis over the assets' estimated useful life of 20 years.

Investment held for capital appreciation has been fair valued and the resultant gain or loss from difference between the carrying value and market value has been recognised into the profit and loss account for the year.

Investment in property and other assets held for trading

Investments in property and other assets held for trading are carried at cost, less provision for impairment. Impairment if any is included in the consolidated statement of income.

The current market values of all the properties have been disclosed based on latest valuation at market price.

h) Due from financing activities

Financing activities such as Murabaha, Mudaraba, Musharaka, Musawama, and Istisna contracts are stated at their gross principal amounts less any amount received, provision for impairment, profit in suspense and unearned profit. The provision for impairment on financing is maintained at a level based on detailed review by the management in accordance with Qatar Central Bank's instructions.

Due from financing activities are written off and charged against specific provisions only in circumstances where all reasonable restructuring and collection activities have been exhausted, any recoveries from previously written off financing activities are written back to the specific provision.

Renegotiated facilities

Renegotiated facilities that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new facilities. In subsequent years, the asset is considered to be past due and disclosed only if renegotiated.

i) Properties acquired against settlement of receivables

Properties, if any, acquired against settlement of receivable amounts are included under other assets at their acquisition value net of any required provision for impairment. Unrealised losses due to reduction in fair value of such assets are included in the consolidated statement of income. Future, unrealised gains on these properties are recognised in the consolidated statement of income to the extent of unrealised losses previously recognised.

j) Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included under intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gain and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Intangible assets identified upon acquisition of subsidiaries or associated companies are included at fair value and amortised over the useful life of the intangible assets.

k) Fixed assets

Fixed assets, except for land, are depreciated on a straight-line basis over their estimated useful lives as follows:

	Years
Buildings	20
Computers and peripherals	3
Office equipment, furniture, fixture and leasehold improvement	5-7
Motor vehicles	5

Leasehold improvements are depreciated over the estimated useful life or the lease contract term whichever is lower.

l) Impairment of other assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised in the consolidated statement of income.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

2. Significant accounting policies (continued)

m) Employees end of service benefits and pension fund

The Group makes a provision for all end of service benefits payable to employees in accordance with the Group's policies, calculated on the basis of individual employee's period of service at the balance sheet date. The provision for employees is included in staff indemnity within other liabilities.

The Group calculates its share in the pension fund in accordance with the Qatari Pension law. The expense is considered as part of staff cost within general and administrative expenses and is disclosed in Note 23.

n) Other provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

The Group creates provisions charging the consolidated statement of income for any potential claim or for any expected impairment of assets, taking into consideration the value of the potential claim or expected impairment and its likelihood.

o) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of Management.

Any increase in the liability relating to guarantees is taken to the income statement under other operating expense.

p) Off balance sheet items

Included in commitments, are funds managed by the Group on behalf of its customers, which are classified as follows:

Investment portfolios

Investment portfolios represent funds belonging to the Group's customers for which it has assumed investment management responsibility in accordance with the terms or conditions of the fund. Such funds are invested on behalf of the customers by the Group who acts as an agent or a trustee and accordingly such funds and the attributable investment income or loss are not included in these consolidated financial statements and are directly paid to the customers after deduction of the Group's stated share of profit or commission (Note 29).

Restricted investment balances

Restricted investment balances are those where the depositors instruct the Group to invest the funds in specific investments or at predetermined terms. These deposits are invested by the Group in its own name under the terms of a specific mudaraba contract entered into with the depositors. These special investment deposits, which are classified as off balance sheet, share the profits or losses of the related investments once realised and do not, otherwise, share in the profits or losses attributable to unrestricted investment accounts and the shareholders (Note 30).

q) Unrestricted investment accounts' share of profit

Net profit for the year is distributed among unrestricted account holders and shareholders in accordance with Qatar Central Bank's instructions, which are summarised as follows:

The net profit is arrived at after taking into account all income and expenses at the end of the financial year, and is distributed between unrestricted investment account holders and shareholders. The share of profit of the unrestricted account holders is calculated on the basis of their daily deposit balances over the year, after reducing the Group's agreed and declared Mudaraba fee.

In case of any expense or loss, which arise out of misconduct on the part of the Group due to non compliance with Qatar Central Bank's regulations and instructions, then such expenses or loss shall not be borne by the unrestricted investment account holders. Such matter is subject to Qatar Central Bank's decision.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

2. Significant accounting policies (continued)

q) Unrestricted investment accounts' share of profit (continued)

Where the Group's results at the end of a financial year is net loss, the unrestricted investment account holders shall not be charged with any share of such loss, except as approved by Qatar Central Bank in its capacity as the regulator having responsibility of assessing the Bank's Management for such losses, and compliance with Islamic Shari'a rules and principles.

The unrestricted investment accounts carry preferential rights over others in respect of utilisation of funds towards financing and investment activities.

r) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash, balance with Qatar Central Bank, and due from banks and financial institutions which mature within 90 days. However, it does not include balance on reserve account of the Qatar Central Bank (Note 32).

3. Risk management of financial instruments

a) Definition and classification

Financial instruments cover all financial assets and liabilities of the Group. Financial assets include cash balances, on demand balances and placements with banks and other financial institutions, financial investments and financing to customers and banks. Financial liabilities include customers' current accounts and due to banks. Financial instruments also include unrestricted investment accounts and contingent liabilities and commitments included in off balance sheet items.

Note 2 explain the accounting policies used to recognize and measure the major financial instruments and their related income and expense.

b) Fair value of financial instruments

Based on the methods used to determine the fair value of financial instruments explained in the notes accompanying the consolidated financial statements, the book value of financial assets and liabilities are not significantly different from their fair value except investment in property and other assets held for leasing which are disclosed at cost. The fair value of investment in property is disclosed in Note 9.

Risk Management

Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Board has established a Risk Management Committee, comprising members from the Board and management, set-up to monitor the Group's credit, operational and market risks, to take credit decisions above management's discretionary powers and to set market risk limits under which the Group's management operates. Further, Remedial Committee has been set-up to identify, monitor and take corrective action on delinquent credits.

The Risk Management Committee has further set up from within management an Assets and Liabilities Committee (ALCO), a Group Credit Committee, and Investment Committee, which are responsible for developing and monitoring Group's risk management policies in their specified areas.

A separate Risk Management Group, reporting to the CEO and the Risk Management Committee, assists in carrying out the oversight responsibility of the Board.

The Group's Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly, on an ongoing basis, to reflect changes in market conditions, products and services offered.

The Group Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of the risk management framework. The Group audit committee is assisted in these functions by the Internal Audit and Compliance Departments.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

3. Risk management of financial instruments (continued)

a) Credit Risk

Credit Risk is the risk that a customer or counterparty to a financial asset fail to meet its contractual obligations and cause the Group to incur a financial loss. It arises principally from the Group's due from financing activities, due from banks and investments.

For risk management purpose, credit risk on financing investments is managed independently, and reported as a component of market risk exposure.

Management of credit risk

The Group's credit risk management framework includes:

- Establishment of authorisation structure and limits for the approval and renewal of credit facilities;
- Reviewing and assessing credit exposures in accordance with authorisation structure and limits, prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process;
- Diversification of lending and investment activities;
- Limiting concentrations of exposure to industry sectors, geographic locations and counterparties; and
- Reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries and countries and reviewing limits in accordance with risk management strategy and market trends.

The Credit Risk Committee is responsible for sanctioning high value credits and the Credit Policy Committee is responsible for the formulation of credit policies and processes in line with growth, risk management and strategic objectives.

In addition, the Group manages the credit exposure by obtaining security where appropriate and limiting the duration of exposure. In certain cases, the Group may also close out transactions or assign them to other counterparties to mitigate credit risk.

Regular audits of business units and Group credit processes are undertaken by Internal Audit and Compliances Division.

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Gross maximum exposure	
	2008	2007
Cash and balances with central banks (excluding cash on hand)	823,153	1,094,506
Due from banks and financial institutions	6,367,721	3,364,522
Due from financing activities	18,865,895	11,679,082
Financial investments	4,597,590	2,979,690
Other investments and other assets	2,428,424	1,953,891
Total on balance sheet items	33,082,783	21,071,691
Contingent liabilities	5,687,630	3,860,620
Total off balance sheet items	5,687,630	3,860,620
Total credit risk exposure	38,770,413	24,932,311

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

3. Risk management of financial instruments (continued)

a) Credit Risk (continued)

Exposure to credit risk

The Group measures its exposure to credit risk by reference to the gross carrying amount of financial assets less amounts offset, income suspended and impairment losses, if any.

	Due from financing activities		Others		Total	
	2008	2007	2008	2007	2008	2007
A. Individually impaired						
Substandard	38,339	48,728	-	-	38,339	48,728
Doubtful	84,185	21,051	-	-	84,185	21,051
Bad debts	171,536	215,327	113,252	21,386	284,788	236,713
Gross amount	294,060	285,106	113,252	21,386	407,312	306,492
Profits suspended	(12,362)	(12,556)	-	-	(12,362)	(12,556)
Specific allowance for impairment	(221,611)	(269,966)	(113,252)	(21,386)	(334,863)	(291,352)
Carrying amount	60,087	2,584	-	-	60,087	2,584
B. Past due but not impaired	112,014	29,955	-	-	112,014	29,955
C. Neither past due nor impaired						
Gross amount	20,828,665	12,978,873	14,226,498	9,392,609	35,055,163	22,371,482
Deferred Income	(2,134,871)	(1,332,330)	(9,610)	-	(2,144,481)	(1,332,330)
Carrying amount	18,693,794	11,646,543	14,216,888	9,392,609	32,910,682	21,039,152
Total	18,865,895	11,679,082	14,216,888	9,392,609	33,082,783	21,071,691

Aging analysis of past due but not impaired

2008	Less than 30 days	31 to 60 days	61 to 90 days	Total 2008
Due from financing	83,427	17,687	10,900	112,014
2007	Less than 30 days	31 to 60 days	61 to 90 days	Total 2007
Due from financing	22,310	4,730	2,915	29,955

The Group's policy is to classify due from financing activities past due for more than 90 days as substandard, doubtful and loss assets which comply with the Qatar Central Bank requirements. The Group monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of assets and liabilities is presented in note 28.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

3. Risk management of financial instruments (continued)

a) Credit Risk (continued)

Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its due from financing portfolio. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Write-off policy

The Group writes off a due from financing (and any related allowances for impairment) when the management determines that the due from financing is uncollectible. This is determined after all possible efforts of collecting the amounts have been exhausted.

Collateral

The Group holds collateral against due from financing activities in the form of mortgage interests over property, other securities over assets and guarantees. The Group accepts guarantees mainly from well reputed local or international banks, well established local or multinational large corporate and high net-worth private individuals. Collateral generally is not held against investments and due from banks, and no such collateral was held on the balance sheet date.

Management estimates the fair value of collateral and other security enhancements held against individually impaired financing to reasonably approximate QAR 14,909 million (2007:QAR 12,924 million) as at the reporting date, according to independent valuation reports.

b) Liquidity risk

Liquidity or funding risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk can be due to market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately.

Management of liquidity risk

The Group's approach to managing liquidity risk is to ensure that management has diversified funding sources and closely monitors liquidity to ensure adequate funding. The Group maintains a portfolio of short-term liquid assets, largely made up of short-term liquid trading investments, and inter-bank placements. All liquidity policies and procedures are subject to review and approval by ALCO.

Exposure to liquidity risk

The key measure used by the Group for measuring liquidity risk in the ratio of net liquid assets, i.e., totals assets by maturity against total liabilities by maturity.

Details of the Group's net liquid assets is summarised in the table below by the maturity profile of the Group's assets and liabilities based on the contractual repayment arrangements and does not take account of the effective maturities as indicated by the Group's deposit retention history. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

3. Risk management of financial instruments (continued)

b) Liquidity risk (continued)

As at 31 December 2008

	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Above 5 years	Total
Assets						
Cash and balances with central bank	234,230	-	-	-	788,951	1,023,181
Due from and investments with banks and financial institutions	5,140,880	301,363	622,658	302,820	-	6,367,721
Due from financing activities	1,353,358	880,655	4,368,167	12,263,715	-	18,865,895
Financial investments	-	282,309	-	3,543,821	771,460	4,597,590
Other investments	-	-	-	1,334,972	-	1,334,972
Fixed assets	-	-	-	-	260,347	260,347
Other assets	-	-	-	1,093,452	-	1,093,452
Total assets	6,728,468	1,464,327	4,990,825	18,538,780	1,820,758	33,543,158
Liabilities and unrestricted investment accounts						
Due to banks and financial institutions	6,647,709	1,264,932	642,076	141,999	-	8,696,716
Customers' accounts	3,686,223	-	1,027,562	383,466	-	5,097,251
Other liabilities	-	-	-	885,792	-	885,792
	10,333,932	1,264,932	1,669,638	1,411,257	-	14,679,759
Unrestricted investment accounts	5,112,025	1,811,676	4,047,799	484,832	38,265	11,494,597
Total liabilities and unrestricted investment accounts	15,445,957	3,076,608	5,717,437	1,896,089	38,265	26,174,356
Contingent Liabilities	-	-	5,687,830	-	-	5,687,830
Difference	(8,717,489)	(1,612,281)	(6,414,442)	16,642,691	1,782,493	1,680,972

The Group's expected cash flows may vary from this analysis. For example, current accounts deposits from customers are expected to maintain a stable or increasing balance.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

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3. Risk management of financial instruments (continued)

b) Liquidity risk (continued)

As at 31 December 2007

	Up to 1 month	1-3 months	3-12 months	1 to 5 years	Above 5 years	Total
Assets						
Cash and balances with central bank	884,982	-	-	-	371,844	1,256,826
Due from and investments with banks and financial institutions	2,664,537	503,572	196,413	-	-	3,364,522
Due from financing activities	497,645	2,773,746	3,904,596	4,503,095	-	11,679,082
Financial investments	-	-	-	1,715,549	1,264,141	2,979,690
Other investments	-	-	-	1,222,315	-	1,222,315
Other assets	731,576	-	-	-	-	731,576
Total assets	4,778,740	3,277,318	4,101,009	7,440,959	1,635,985	21,234,011
Liabilities and unrestricted investment accounts						
Due to banks and financial institutions	1,967,830	95,237	1,541,311	-	-	3,604,378
Customers' accounts	3,922,213	-	462,139	-	-	4,384,352
Other liabilities	783,428	-	-	-	-	783,428
	6,673,471	95,237	2,003,450	-	-	8,772,158
Unrestricted investments accounts	5,048,778	673,918	1,948,856	63,269	81,659	7,816,480
Total liabilities and unrestricted investment accounts	11,722,249	769,155	3,952,306	63,269	81,659	16,588,638
Contingent Liabilities	-	-	3,860,620	-	-	3,860,620
Difference	(6,943,509)	2,508,163	(3,711,917)	7,377,690	1,554,326	784,753

c) Market risk for financial investments

The Group assumes in its normal course of business exposure to market risk from its investments in equity shares, real estate and other investments arising due to general and specific market movements. The Group takes into account a number of assumptions for changes in the market conditions and applies a methodology to estimate its market risk position and expected losses to maximum extent. The limits set for such risk are monitored on a regular basis.

The board of directors has set risk limits based on country limits which are closely monitored by the Risk Management Group, reported weekly to senior management and discussed fortnightly by the Assets and Liabilities Committee.

The Group manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The Group's management believes that the impact of market risk is minimal given the fact that the Assets & Liabilities are re-priced within one year. In addition, the Group is also compliant with Basel 2 requirements as per Qatar Central Bank regulations. (Note 3f).

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity and the value of individual stocks. The effect on equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in equity price % 2008	Effect on equity 2008	Change in equity price % 2007	Effect on equity 2007
Market Indices				
Doha securities market	+ -10%	25,801	+ - 10%	10,817
Kuwait stock exchange	-	-	+ - 10%	3,677
Bahrain stock exchange	+ - 10%	5,747	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

3. Risk management of financial instruments (continued)

c) Market risk for financial investments (continued)

Profit rate risk

The profit rate risk refers to the risk due to change of profit rates, which might affect the future earnings of the Group. Exposure to profit rate risk is managed by the Group through diversification of assets portfolio and by matching the maturities of assets and liabilities.

In line with the policy approved by the Board of Directors, the Assets and Liability Committee performs regular review of the assets and liabilities in order to ensure that the maturity gap between assets and liabilities is maintained at minimum level and also to ensure that financing and investments are made for quality assets at higher rate of return.

d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instrument denominated in a foreign currency. The Group's functional currency is Qatari Riyal. The Board of Directors has set limits on positions by currency. Position are closely monitored and hedging strategy are used to ensure positions are maintained within established limits. At 31 December 2008, the Group had the following significant net exposures denominated in foreign currencies.

As at 31 December 2008	QAR	USD	EUR	GBP	Others	Total
Assets	19,698,810	9,928,874	2,793,015	966,179	156,280	33,543,158
Liabilities, minority interest and shareholders' equity	(22,761,855)	(7,008,531)	(2,791,791)	(961,252)	(19,729)	(33,543,158)
Net balance sheet position	(3,063,045)	2,920,343	1,224	4,927	136,551	-

As at 31 December 2007	QAR	USD	EUR	GBP	Others	Total
Assets	13,635,489	4,962,769	1,374,619	625,548	737,343	21,335,768
Liabilities, minority interest and shareholders' equity	(17,552,599)	(2,062,469)	(1,206,327)	(418,302)	(96,071)	(21,335,768)
Net balance sheet position	(3,917,110)	2,900,300	168,292	207,246	641,272	-

The exchange rate of QAR against US Dollar is pegged and the Group's exposure to currency risk is limited to that extent. The Group uses Shari'a compliant forward contracts and foreign exchange swaps to mitigate the other currency risks, specifically for EURO.

e) Currency risk – effect of change in fair value of currency

The table below indicates the effect of a reasonably possible movement of the currency rate against the QAR on the net profit for the year, with all other variables held constant:

Currency	Change in currency rate in %	Effect on income statement 2008	Effect on income statement 2007
USD	+2	58,407	58,006
EUR	+3	37	5,049
GBP	+2	99	4,145
Others	+3	4,097	19,238
USD	-2	(58,407)	(58,006)
EUR	-3	(37)	(5,049)
GBP	-2	(99)	(4,145)
Others	-3	(4,097)	(19,238)

During 2008, the currency risk was pertaining to currencies other than US Dollars and the negative impact of fluctuation in rates was linked to the EURO position for the year 2008.

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for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

3. Risk management of financial instruments (continued)

f) Capital adequacy

The Capital adequacy ratio of the Group is calculated in accordance with the Basel Committee guidelines and Qatar Central Bank instructions. The following table shows the risk weighted values and capital charge for capital adequacy ratio purposes.

Risk Elements	Total Risk		Risk weighted	
	2008	2007	2008	2007
Credit risk	23,968,653	15,230,490	23,968,653	15,230,490
Market risk	843,474	718,623	8,434,741	7,186,233
Operational risk	118,807	94,392	1,188,073	943,919
Total capital charge/risk weighted assets	24,930,934	16,043,505	33,591,467	23,360,642
	2008	2007	2008	2007
Tier 1 capital	5,492,260	4,282,463	16.35%	18.34%
Tier 1+Tier 2 capital	5,723,451	4,381,716	17.04%	18.76%

The minimum ratio limit determined by Qatar Central Bank is 10% and by the Basel Committee is 8%.

g) Risk of managing restricted investments

The Group provides custody and corporate administration services to third parties in relation to mutual funds managed by it. Management of client's investment portfolios are guided by the terms and conditions recorded in written agreements signed by the respective clients. These services give rise to legal and operational risk. Such risks are mitigated through review procedures to ensure compliance. Note 29 list the investment portfolios managed by the Group.

The dates of maturity of the Group's commitments in relation to the investment portfolios are included in note 27.

h) Operational and other risks

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risk having an impact on the operations. The Group seeks to minimize actual or potential losses from operational risks failure through a frame work of policies and procedures that identify, assess, control, manage, and report that risks.

Other risks to which the Group is exposed are regulatory risk, legal risk, and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisors. Reputational risk is controlled through regular examinations of issues that are considered to have reputational repercussions for the Group, with guidelines and policies being issued as appropriate.

i) Fair value of financial assets and liabilities

All financial assets and liabilities are measured at amortised cost except for financial investments which are measured at fair value by reference to published price quotations in an active market or from prices quoted by counterparties. For investment properties, market value was determined by chartered surveyors and impairment provision is created when there is a decline in value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between book value and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Notes to the Consolidated Financial Statements

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3. Risk management of financial instruments (continued)

i) Fair value of financial assets and liabilities (continued)

The following table provides a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements. The table does not include the fair values of the non-financial assets and non-financial liabilities.

	Carrying amount 2008	Fair value 2008	Carrying amount 2007	Fair value 2007
Financial assets				
Cash and balance with central bank	1,023,181	1,023,181	1,256,826	1,256,826
Due from banks and financial institutions	6,367,721	6,367,721	3,364,522	3,364,522
Due from financing activities	18,865,895	18,865,895	11,679,082	11,679,082
Financial investments	2,947,154	2,947,154	2,116,803	2,116,803
Financial liabilities				
Due to banks and financial institutions	8,696,716	8,696,716	3,604,378	3,604,378
Customers' accounts	5,097,251	8,097,251	4,384,352	4,384,352
Unrestricted investment accounts	11,494,597	11,494,597	7,816,480	7,816,480

The fair value of due from banks, due to banks, due from financing activities and customers' deposits, which are predominantly re-priced, are short term in tenure and issued at market rates, are considered to reasonably approximate their book value.

The Group has used valuation technique for the determination of impairment in goodwill (Note 8).

4. Critical accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Impairment losses on due from financing activities

The Group reviews its financing portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of Islamic financing before the decrease can be identified with an individual financing in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The impairment booked based on historical cash flows is in line with the Qatar Central Bank regulations. The actual loss is not materially different from the estimated impairment. Also refer to Note 7.

b) Impairment of financial investments

The Group determines that available-for-sale investments are impaired when there has been a decline in the fair value below its cost. The determination of fair value for unlisted shares/sukuks requires judgment. In making this judgment, the Group evaluates amongst other factors, the normal volatility in share prices of similar instruments. In addition, impairment may be relevant when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows. In case where objective evidence exists that investment is impaired, the recoverable amount of that investment is determined and any resulting impairment loss is recognised in the consolidated statement of income as a provision for impairment of investments.

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5. Cash and balances with central bank

	2008	2007
Cash in vaults	200,027	162,320
Cash reserve with Qatar Central Bank	788,950	371,844
Current account with Qatar Central Bank	34,204	417,662
Others	-	305,000
Total	1,023,181	1,256,826

Cash reserve with Qatar Central Bank represents a mandatory reserve deposit, which is not available for the Group's day-to-day operations.

6. Due from and investments with banks and financial institutions

	2008	2007
Current accounts	194,708	40,835
Unrestricted investment deposits	1,288,163	331,179
Commodity Murabaha transactions	4,913,608	2,998,532
Unearned profit	6,396,479 (28,758)	3,370,546 (6,024)
	6,367,721	3,364,522

Commodity Murabaha transactions represent contracts agreed with banks that represent commitment to pay upon maturity the value of commodities and its related fixed profits.

7. Due from financing activities

	2008	2007
a) By type:		
Musharaka	172	22,006
Murabaha and Musawama	13,365,657	7,250,613
Istisna contracts	2,331,742	2,179,905
Mudaraba	1,247,493	1,227,144
Ijara financing	4,281,038	2,415,017
Other	8,637	199,249
	21,234,739	13,293,934
Unearned profit	(2,134,871)	(1,332,330)
Specific provision	(221,611)	(269,966)
Suspended profit	(12,362)	(12,556)
Due from financing activities, net	18,865,895	11,679,082

Total of non performing due from financing activities amounted to QAR 294 million at the end of year 2008 (2007: QAR 285 million) which is 1.39% (2007: 2.15 %) of the total due from financing activities.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

7. Due from financing activities (continued)

b) By industry:

	Murabaha and Musawama	Istisna Contracts	Mudaraba and Musharaka	Ijara	Others	2008 Total	2007 Total
Government	364,604	412,711	-	-	-	777,315	714,809
Government and Semi-government institutions	47,942	-	-	513,323	-	561,265	551,295
Industry	150,144	3,573	-	2,691	121	156,529	93,578
Trading	3,243,592	44,347	965,547	79,476	96	4,333,058	3,508,011
Contracts	283,007	7,536	207,108	16,398	103	514,152	559,412
Consumer financing	3,046,338	1,197,147	75,010	1,945,375	6,332	6,270,202	3,198,312
Housing	5,272,659	586,370	-	1,676,993	5	7,536,027	4,270,020
Others	957,371	80,058	-	46,782	1,980	1,086,191	398,497
Total	13,365,657	2,331,742	1,247,665	4,281,038	8,637	21,234,739	13,293,934
Unearned profit						(2,134,871)	(1,332,330)
Specific provisions						(221,611)	(269,966)
Suspended profit doubtful financing						(12,362)	(12,556)
Due from financing activities, net						18,865,895	11,679,082

c) By Customer:

	Murabaha and Musawama	Istisna Contracts	Mudaraba and Musharaka	Ijara	Others	2008 Total	2007 Total
Retail	3,046,338	1,197,147	75,010	-	6,332	4,324,827	3,198,312
Corporate	6,380,174	670,001	-	-	2,106	7,052,281	2,745,805
Small and medium enterprises	3,526,599	51,883	1,172,655	-	199	4,751,336	3,956,494
Finance with real estate mortgage	-	-	-	3,767,715	-	3,767,715	1,863,722
Government & Other	412,546	412,711	-	513,323	-	1,338,580	1,529,601
Total	13,365,657	2,331,742	1,247,665	4,281,038	8,637	21,234,739	13,293,934
Unearned Profit						(2,134,871)	(1,332,330)
Specific Provision						(221,611)	(269,966)
Suspended Profit						(12,362)	(12,556)
Due from financing activities, net						18,865,895	11,679,082

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

7. Due from financing activities (continued)

d) Movement in provisions for impairment of financing activities:

	2008		2007	
	Specific Provision	Profit in Suspense	Specific Provision	Profit in Suspense
Balance at 1 January	269,966	12,556	275,845	20,075
Provision made during the year	77,091	15,509	122,326	19,878
Recoveries of amounts previously provided	(124,841)	(15,703)	(120,910)	(27,397)
Net provisions (recovered)/made during the year	(47,750)	(194)	1,416	(7,519)
Provisions written off	(605)	-	(7,295)	-
Balance at 31 December	221,611	12,362	269,966	12,556

During the year the Bank renegotiated financing facilities amount to QAR 49.8 million (2007: QAR 9.1 million).

e) Provisions by Customer:

	2008	2007
Retail	87,639	70,854
Corporate	133,972	199,112
Total	221,611	269,966

8. Financial investments

	2008	2007
a) Financial assets available for sale:		
Quoted	953,720	855,964
Unquoted	1,993,434	1,260,839
Total financial investments available for sale	2,947,154	2,116,803
b) Investments in associates	1,650,436	862,887
Total financial investments	4,597,590	2,979,690

a) Financial investments available for sale

	2008			2007		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Shares	221,523	648,019	869,542	229,652	276,613	506,265
Sukouk government of Qatar	65,468	-	65,468	207,548	-	207,548
Sukouk others	666,729	628,574	1,295,303	418,764	552,324	971,088
Other Islamic portfolio and funds	-	731,175	731,175	-	441,150	441,150
Total financial investments	953,720	2,007,768	2,961,488	855,964	1,270,087	2,126,051
Provision for losses	-	(14,334)	(14,334)	-	(9,248)	(9,248)
	953,720	1,993,434	2,947,154	855,964	1,260,839	2,116,803

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

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8. Financial investments (continued)

b) Investments in associates

	2008	2007
Beginning of the year	862,887	420,972
Investments during the year	743,373	364,054
Dilution of interest in subsidiary to associates	-	49,832
Disposal	(129,307)	-
Total Investment	1,476,953	834,858
Fair value	(43,362)	-
Translation reserve	(22,713)	-
Share of profit	239,558	28,029
At end of the year	1,650,436	862,887

The investments in associates are being distributed as follows:

By the investment value:

	Country of incorporation	2008		2007	
		Ownership		Ownership	
		Amount	Percentage	Amount	Percentage
Arab Finance House	Lebanon	77,277	32.51%	69,857	30.68%
Asian Finance Bank	Malaysia	72,612	21.00%	80,932	21.00%
Q Invest	Qatar	680,071	25.00%	662,212	25.00%
Al Jazeera Islamic Co	Qatar	192,056	30.17%	49,832	30.17%
Durat Al Doha	Cayman Islands	212,853	39.90%	54	29.70%
Shard Funding Ltd	Jersey	343,592	25.00%	-	-
Bawabat Al-Shamal	Qatar	71,975	37.25%	-	-
		1,650,436		862,887	

By the financial position:

	2008				
	Assets	Liabilities	Revenue	Profit/(Loss)	Percentage
Arab Finance House	304,467	227,190	14,208	3,846	32.51%
Asian Finance Bank	273,185	200,573	4,276	(4,361)	21.00%
Q Invest	834,602	336,531	88,378	81,344	25.00%
Al Jazeera Islamic Co	731,017	538,961	73,726	26,289	30.00%
Bawabat Al-Shamal	329,641	257,666	-	-	37.25%
Durat Al Doha	422,495	209,642	-	-	39.90%
Shard Funding Ltd	810,000	466,407	132,521	132,440	25.00%
	3,705,407	2,236,970	313,109	239,558	
	2007				
	Assets	Liabilities	Revenue	Profit/(Loss)	Percentage
Arab Finance House	223,385	153,528	8,554	(1,674)	30.68%
Asian Finance Bank	292,248	211,317	703	4,491	21.00%
Q Invest	788,740	300,862	37,909	25,212	25.00%
Al Jazeera Islamic Co	382,656	318,923	39,130	-	30.17%
Durat Al Doha	46,012	45,982	-	-	29.70%
	1,733,041	1,030,612	86,296	28,029	

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

8. Financial investments (continued)

Business combination – Associates

Q-Invest

On 2 August 2007, the bank acquired an additional 10% equity in one of its associates, Q-Invest LLC ("Q-Invest") for an aggregated cash price of USD 100 million equivalent to QAR 364 million (50 million equity shares of par value USD 1 each equivalent to QAR 3.64 each).

Goodwill

In compliance with the applicable accounting standards, the Bank has carried out one time "purchase price allocation (PPA)" exercise of the value paid for the acquisition of 10% shares of its associate – Q-Invest LLC. PPA identifies the value paid for the tangible assets, intangible assets and the premium/goodwill arising on the acquisition. The intangibles identified on acquisition of 10% shares in Q-Invest LLC are not material.

The goodwill included in the value of the associate is attributable to Q-Invest strong position talented workforce of the acquired business and the significant synergies expected to arise after the Group's acquisition of Q-Invest.

Shard Fund Limited

During the year ended 31 December 2008, the Bank has acquired 25% equity of Shard Fund Limited, a company registered under the laws of Jersey for a value of GBP 28.75 million equivalent to QAR 211.15 million (28.75 million shares of par value GBP 1 each equivalent to QAR 7.34).

Bawabat Al Shamal

The Bank also acquired 25% equity of Bawabat Al Shamal, a company registered in Qatar under Commercial law no 5 of 2002, represented by 1,250 shares of QAR 1,000 each for a value of QAR 1.25 million.

Details of the net assets acquired and goodwill are as follows:

	Q-Invest	Bawabat Al shamal	Shard Fund Limited
Cash paid	364,000	1,250	211
Share of fair value of net assets acquired	(182,380)	(1,250)	(211)
Goodwill	181,620	-	-

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for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

9. Other investments

a) Investments in property and other assets held for leasing and capital appreciation

	Land	Building	2008 Total	Land	Building	2007 Total
Cost						
At 1st January	204,843	12,039	216,882	204,843	12,039	216,882
Additions during the year	201,236	-	201,236	-	-	-
Increase in fair value	198,129	-	198,129	-	-	-
Disposals during the year	(2,727)	(12,039)	(14,766)	-	-	-
At 31 December	601,481	-	601,481	204,843	12,039	216,882
Accumulated depreciation						
At 1st January	-	(8,416)	(8,416)	-	(7,814)	(7,814)
Charge for the year	-	(150)	(150)	-	(602)	(602)
Disposals	-	8,566	8,566	-	-	-
At 31 December	-	-	-	-	(8,416)	(8,416)
Impairment loss	(31,379)	-	(31,379)	-	-	-
Net book value – 31 December	570,102	-	570,102	204,843	3,623	208,466

The aggregate market value of the properties and investments held for leasing and capital appreciation at 31 December 2008 stands at QAR 640 million (2007: QAR 324 million) according to an independent valuer report.

b) Investments in property and other assets held for trading

	Land	Building	2008 Total	Land	Building	2007 Total
Cost						
At 1st January	344,599	681,388	1,025,987	93,259	714,097	807,356
Additions during the year	376,126	-	376,126	554,947	370,900	925,847
Disposal during the year	(560,094)	-	(560,094)	(303,607)	(403,609)	(707,216)
Net Book value – 31 December	160,631	681,388	842,019	344,599	681,388	1,025,987
Provision for impairment						
At 1st January	-	(12,138)	(12,138)	-	-	-
Charge for the year	-	(65,011)	(65,011)	-	(12,138)	(12,138)
At 31 December	-	(77,149)	(77,149)	-	(12,138)	(12,138)
Book Value – 31 December	160,631	604,239	764,870	344,599	669,250	1,013,849
Total Net Book Value – 31 December	730,733	604,239	1,334,972	549,442	672,873	1,222,315

The aggregate market value of the properties and other assets held for trading at 31 December 2008 stands at QAR 862 million (2007: QAR 1.035 million) according to an independent valuer report, which has been determined having regard to market price of similar properties at similar locations.

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for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

10. Fixed assets

	Land and buildings	Computer and peripherals	Office equipment, furniture and fixtures and leasehold improvements	Motor vehicles	Total
Cost					
At 1 January 2008	96,659	63,261	43,721	2,410	206,051
Additions	84,369	23,038	69,621	1,002	178,030
Disposals	-	(43)	(12)	-	(55)
At 31 December 2008	181,028	86,256	113,330	3,412	384,026
Depreciation					
At 1 January 2008	29,835	54,653	18,381	1,425	104,294
Charge for the year	2,456	8,501	8,111	372	19,440
Disposals	-	(43)	(12)	-	(55)
At 31 December 2008	32,291	63,111	26,480	1,797	123,679
Net book value – At 31 December 2008	148,737	23,145	86,850	1,615	260,347
Cost					
At 1 January 2007	117,853	59,470	33,451	2,363	213,137
Additions	1,877	6,322	19,826	139	28,164
Disposals	(23,071)	(2,531)	(9,556)	(92)	(35,250)
At 31 December 2007	96,659	63,261	43,721	2,410	206,051
Depreciation					
At 1 January 2007	27,849	52,843	23,364	1,201	105,257
Charge for the year	2,540	4,331	3,539	330	10,740
Disposals	(554)	(2,517)	(8,526)	(106)	(11,703)
At 31 December 2007	29,835	54,657	18,377	1,425	104,294
Net book value – At 31 December 2007	66,824	8,604	25,344	985	101,757

11. Other assets

	2008	2007
Accrued income	470,692	333,043
Prepayment and advances	42,438	63,339
Capital work in progress*	402,237	220,211
Assets acquired in exchange for debts	13,537	-
Others	164,548	114,983
Due from Bank of Credit and Commerce International (BCCI) (Under liquidation)	36,422	43,789
	1,129,874	775,365
Provisions for due from BCCI	(36,422)	(43,789)
	1,093,452	731,576

*Included in capital work-in-progress at the end of the year 2008 are advance payments made to acquire land and real estate amounting to QR 297 million, project for building villas under progress amounting to QR 60 million (2007: QR 175 million) and other projects under progress amounting to QR 45 million (2007: QR 45.00 million).

Notes to the Consolidated Financial Statements

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Amounts expressed in thousands of Qatari Riyals

12. Due to banks and financial institutions

	2008	2007
Current accounts and deposits from banks and financial institutions	8,696,716	3,604,378

13. Customers' Accounts

a) Current Accounts

	2008	2007
Government	53,499	118,632
Corporate	1,887,082	1,557,294
Individual	1,745,249	1,725,485
	3,685,830	3,401,411

b) Other due to customers

	1,411,421	982,941
	5,097,251	4,384,352

14. Other liabilities

	2008	2007
Staff indemnity (Note 15)	58,904	42,893
Pension fund	751	391
Margin deposits	66,514	53,437
Manager cheques	40,983	78,858
Accrued expenses	135,007	77,170
Settlement deposits	210,410	117,905
Customer's participation in funds	418	453
Unclaimed dividend	4,591	4,426
Cheques in clearing	3,665	8,425
Naps and visa settlements	23,098	19,152
Provision for potential claims	17,333	17,333
Others	324,118	362,985
	885,792	783,428

15. Movement in staff indemnity

	2008	2007
Balance at 1 January	42,893	29,026
Charge for the year	22,250	19,714
Amount paid during the year	(6,239)	(5,847)
Balance at 31 December (Note 14)	58,904	42,893

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

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16. Unrestricted investment accounts

	2008	2007
a) By type:		
Repayable on demand	2,193,142	1,454,301
Saving accounts	2,677,566	2,786,694
Term	6,479,164	3,393,802
	11,349,872	7,634,797
Share of unrestricted investment accounts in profit	121,636	97,899
Unrestricted investment account share of fair value reserve	(49,133)	11,562
Unrestricted investment account share of risk reserve	72,222	72,222
	11,494,597	7,816,480
b) By sector:		
Government	1,208,588	810,121
Government and semi government organizations	8,602	20,011
Individuals	5,968,542	4,948,015
Corporations	4,164,140	1,838,450
Banks	-	18,200
	11,349,872	7,634,797
Share of unrestricted investment accounts in profit	121,636	97,899
Unrestricted investment accounts share of fair value reserve	(49,133)	11,562
Unrestricted investment account share of risk reserve	72,222	72,222
	11,494,597	7,816,480

Unrestricted invested accounts include QR 79 million held as collateral against direct and indirect financing credit facilities (2007: QR 92 million).

17. Minority interest

	2008	2007
Balance at 1 January	118,168	79,602
Share of minority in the profit of subsidiary companies	62,170	67,312
Distribution of profit by subsidiary companies	-	(5,500)
Sale of Al Jazeera	-	(31,712)
Net movement in fair value reserve of subsidiary companies	(328)	1,458
Capital increase	45,900	7,008
At 31 December	225,910	118,168

18. Shareholders' equity

a) Share capital	2008	2007
Authorised, issued and paid-up share capital 196.91 million ordinary shares of QR 10 each (2007: 119.34 million shares of QR 10 each)	1,969,110	1,193,400

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18. Shareholders' equity (continued)

b) Legal reserve

In accordance with QCB law No. 33 of 2006 as amended, at least 10% of the net profit for the year is required to be transferred to legal reserve until this reserve equals 100% of the paid up capital. This reserve is not available for distribution except in circumstances specified in Qatar Commercial Companies Law No. 5 of 2002 and after Qatar Central Bank approval. The management has decided not to transfer any amount to legal reserve this year as the minimum requirement has already been fulfilled.

The right issue was approved by the Ministry of Economy and Commerce, vide letter dated 4 March 2008. The share premium arising on the rights issue has been transferred to the legal reserve.

c) General reserve

In accordance with the Articles of Association of the Bank, the General Assembly may allocate a portion of the net profit to the general reserve. There is no restriction on the distribution of this reserve, however prior approval of Qatar Central Bank is required.

d) Risk reserve

In accordance with Qatar Central Bank regulations, the risk reserve at the end of each year should not be less than 2.00% of the total direct credit extended by the bank and its branches and subsidiaries as per the consolidated balance sheet after excluding the specific provision, suspended profit, deferred income and financing to Ministry of Finance of the State of Qatar, guaranteed by Ministry of Finance and financing against cash collaterals. The amount of the reserve will be distributed among the shareholders and unrestricted investment accounts and only after obtaining prior approval from Qatar Central Bank.

e) Fair value reserve – financial investments

	2008	2007
Balance at January 1	15,573	52,173
Revaluation for the year	(141,438)	36,082
Charged to income statement	(10,839)	(101,749)
Net change during the year	(152,277)	(65,667)
Share of holders of unrestricted investment accounts in the movement in the fair value reserve	60,695	29,067
Balance at December 31	(76,009)	15,573

Fair value reserve represents unrealised gain, which cannot be distributed unless realised and charged to the statement of income.

f) Proposed dividend and bonus shares

The Board of Directors has proposed a cash dividend of 70% of paid up share capital amounting to QR 1.378 million i.e. - QR 7.0 per share (2007 - 20% of paid up share capital amounting to QR 238.7 million i.e. - QR 2 per share) which is subject to approval at the Annual General Meeting of the shareholders.

19. Income from financing activities

	2008	2007
Murabaha and Musawama	770,716	499,114
Istisna	211,769	123,180
Mudaraba	99,985	84,603
Ijara financing	245,595	132,212
	1,328,065	839,109

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20. Profit from investing activities		
	2008	2007
a) Income from due from and investments with banks and financial institutions		
Deposit with banks	25,630	34,065
Commodity Murabaha transactions, net	(67,274)	38,115
	(41,644)	72,180
b) Income from investments		
Financial investments available for sale	340,362	188,436
Investment in property and assets held for leasing	28,893	61,903
Other Financial investments	29,854	1,228
	399,109	251,567
c) Income from sale of investments		
Financial investments available for sale	178,313	133,200
Investment in property and assets held for trading	337,447	276,675
	515,760	409,875
d) Income from revaluation of investment properties		
Income from revaluation of properties and fixed assets acquired for capital appreciation (Lusail land)	198,130	-
e) Investments revaluation differences		
Unrealised gain/(loss) arising due to fair value estimates	-	7,471
	-	7,471
	1,071,355	741,093

Income from commodity murabaha transactions is net of expenses paid to banks and financial institutions amounting to QAR 167 million (2007: QAR 117 million).

21. Net Commission and fees income		
	2008	2007
Commission and Fees Income:		
Letters of credit and guarantee	33,485	14,854
Banking operations	26,265	17,645
Bank's share of income from unrestricted investments	10	158
Income from investment activities for others	343	74
Management fee	142,589	38,963
Others	33,440	29,138
	236,132	100,832
Commission and fees expenses	(12,954)	(13,062)
	223,178	87,770

22. (Loss)/gain from foreign exchange operations		
	2008	2007
Gain on sale of foreign exchange	7,798	4,706
Revaluation gain/(losses) of foreign exchange	(88,532)	324
Net gain/(losses) of foreign exchange	(80,734)	5,030

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23. General and administrative expenses

	2008	2007
Staff salaries and allowances	244,554	159,815
Board of Directors' remuneration	34,720	25,000
Contributions to pension fund	119	260
Staff indemnity	22,490	22,291
Training costs	4,318	2,197
Advertisements and market promotions	28,047	24,876
Legal and professional fee	12,546	4,104
Communication, insurance and utilities	12,555	8,713
Rent and maintenance	26,916	19,580
Others	38,084	30,240
Other provision	-	9,348
	424,349	306,424

The number of staff employed by the Bank as at 31 December 2008 was 708 (2007: 631).

24. Income from dilution of interest in subsidiary

	2008	2007
Income from dilution of interest in subsidiary	-	306,354

Represents the net proceeds of the sale of Al Jazeera Co. (refer note 2 and 8). On 30 December 2007, QIB reduced the controlling interest in Al Jazeera Islamic Company ("AJIC"), from 80% to 30%. Consequently, the results of the subsidiary were consolidated with the Group until 30 December 2007 and subsequently this investment is equity accounted as this is considered as an investment in associate.

25. Unrestricted investment account holder's share of profit

	2008	2007
Investment account holders' share in profit before Mudaraba share of the Bank	780,615	697,805
Bank's share of profit as Mudarib	(467,579)	(396,132)
Unrestricted investment account holders' net share after Mudarib's share of the profit	313,036	301,673
Shareholders' cession	75,631	41,128
Unrestricted investment account holders' share after cession	388,667	342,801

Following are the profit distribution rates for the unrestricted investment account holders:

	2008 (%)	2007 (%)
5 year term	7.00	7.00
3 year term	6.25	6.20
1 year term	5.75	5.50
6 months term	5.10	5.00
3 months term	4.00	4.00
1 month term	3.52	3.52
Savings account	3.50	3.50
Call account	3.50	3.50

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26. Earnings per share

Earnings per share is calculated by dividing the net profit for the year attributable to the shareholders by the weighted average number of ordinary shares in issue during the year as follows:

	2008	2007
Net profit for the year attributable to the shareholders	1,642,541	1,255,404
Weighted average number of shares for the year (expressed in thousands)	193,433	183,271
Basic and diluted earnings per share (QR per share)	8.49	6.85

27. Contingent liabilities and commitments

As at 31 December 2008

	2008			Total
	No later than 1 year	1-5 years	Over 5 years	
a) Contingent liabilities				
Istisna commitment	2,353,622	-	-	2,353,622
Unused facilities	376,988	-	-	376,988
Acceptances	37,437	-	-	37,437
Guarantees	2,614,710	-	-	2,614,710
Letters of credit	305,073	-	-	305,073
	5,687,830	-	-	5,687,830
b) Commitments				
Investment portfolios (Note 29)	-	4,441	-	4,441
Restricted investment balances (Note 30)	2,153	178,361	-	180,514
Operations cover against foreign currencies	2,132,141	-	-	2,132,141
	2,134,294	182,802	-	2,317,096

As at 31 December 2007

	2007			Total
	No later than 1 year	1-5 years	Over 5 years	
a) Contingent liabilities				
Istisna commitment	1,839,139	-	-	1,839,139
Unused facilities	591,287	-	-	591,287
Acceptances	31,470	-	-	31,470
Guarantees	1,059,999	-	-	1,059,999
Letters of credit	338,725	-	-	338,725
	3,860,620	-	-	3,860,620
b) Commitments				
Investment portfolios (Note 29)	-	4,441	-	4,441
Restricted investment balances (Note 30)	6,892	215,560	-	222,452
Operations cover against foreign currencies	1,431,404	-	-	1,431,404
	1,438,296	220,001	-	1,658,297

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

28. Geographical distribution of assets and liabilities

The Group's assets and liabilities can be summarised by geographical area as follows:

As at 31 December 2008

	Qatar	GCC	Europe	North America	Others	Total
Assets						
Cash and balances with central bank	1,023,181	-	-	-	-	1,023,181
Due from and investments with banks and financial institutions	842,791	1,055,024	4,287,587	15,305	167,014	6,367,721
Due from financing activities	15,880,070	1,829,343	780,721	-	375,761	18,865,895
Financial investments available for sale	370,382	1,328,917	784,909	-	462,946	2,947,154
Investments in associates	1,024,069	-	341,443	-	284,924	1,650,436
Other investments	762,112	-	572,860	-	-	1,334,972
Fixed assets	260,347	-	-	-	-	260,347
Other assets	1,093,452	-	-	-	-	1,093,452
Total assets	21,256,404	4,213,284	6,767,520	15,305	1,290,645	33,543,158
Liabilities						
Due to banks and financial institutions	6,047,812	2,075,949	235,689	-	337,266	8,696,716
Customers' accounts	5,097,251	-	-	-	-	5,097,251
Other liabilities	885,792	-	-	-	-	885,792
Total liabilities	12,030,855	2,075,949	235,689	-	337,266	14,679,759
Unrestricted investment accounts	11,494,597	-	-	-	-	11,494,597
Minority interest	225,910	-	-	-	-	225,910
Shareholders' equity						
Share capital	1,969,110	-	-	-	-	1,969,110
Legal reserve	2,932,910	-	-	-	-	2,932,910
General reserve	547,652	-	-	-	-	547,652
Risk reserve	358,856	-	-	-	-	358,856
Fair value reserve	(76,009)	-	-	-	-	(76,009)
Translation reserve	(51,656)	-	-	-	-	(51,656)
Proposed Bonus Shares	-	-	-	-	-	-
Proposed cash dividends	1,378,377	-	-	-	-	1,378,377
Social contribution reserve	41,064	-	-	-	-	41,064
Retained earnings	42,588	-	-	-	-	42,588
Total shareholders' equity	7,142,892	-	-	-	-	7,142,892
Total liabilities, unrestricted investment accounts, minority interest and shareholders' equity	30,894,254,	2,075,949	235,689	-	337,266	33,543,158

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

28. Geographical distribution of assets and liabilities (continued)

The Group's assets and liabilities can be summarised by geographical area as follows:

As at 31 December 2007

	Qatar	GCC	Europe	North America	Others	Total
Assets						
Cash and balances with central bank	1,256,826	-	-	-	-	1,256,826
Due from banks and Islamic financial institutions	1,040,023	1,561,225	649,026	1,613	112,635	3,364,522
Due from financing activities	9,481,960	1,157,386	863,974	-	175,762	11,679,082
Financial investments	479,066	592,730	840,741	-	204,266	2,116,803
Investments in associates	712,044	-	-	-	150,843	862,887
Other investments	553,065	-	669,250	-	-	1,222,315
Fixed assets	101,757	-	-	-	-	101,757
Other assets	731,576	-	-	-	-	731,576
Total assets	14,356,317	3,311,341	3,022,991	1,613	643,506	21,335,768
Liabilities						
Due to banks and financial institutions	1,825,054	543,329	1,200,572	-	35,423	3,604,378
Customers' accounts	4,384,352	-	-	-	-	4,384,352
Other liabilities	783,428	-	-	-	-	783,428
Total liabilities	6,992,834	543,329	1,200,572	-	35,423	8,772,158
Unrestricted investment accounts	7,816,480	-	-	-	-	7,816,480
Minority interest	118,168	-	-	-	-	118,168
Shareholders' equity						
Share capital	1,193,400	-	-	-	-	1,193,400
Legal reserve	1,858,850	-	-	-	-	1,858,850
General reserve	109,964	-	-	-	-	109,964
Risk reserve	92,246	-	-	-	-	92,246
Fair value reserve	15,573	-	-	-	-	15,573
Proposed Bonus Shares	596,700	-	-	-	-	569,700
Proposed cash dividends	238,680	-	-	-	-	238,680
Retained earnings	523,549	-	-	-	-	523,549
Total shareholders' equity	4,628,962	-	-	-	-	4,628,962
Total liabilities, unrestricted investment accounts, minority interest and shareholders' equity	19,556,444	543,329	1,200,572	-	35,423	21,335,768

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

29. Investment portfolios

As disclosed in note 2 the Group manages the following investment portfolios, which are invested on behalf of customers:

	2008	2007
Solidarity Fund	4,441	4,441

The bank is marketing other investment portfolios where bank's responsibility is limited to marketing the portfolio without assuming exposures to any risks. The maximum bank risk exposure is limited to the fee and commission receivable in return for the management of the portfolio and the bank does not guarantee the portfolios liabilities other than operational risk represented by the non-compliance with investment conditions as well as reputation risk.

30. Restricted investment balances

	2008			2007		
	Balance	Average profit rate	Bank's share	Balance	Average profit rate	Bank's share
Type of Investment						
Investment in commodities	180,514	4.55%	10	222,452	5.90%	158

31. Related party transactions

The Group has transactions in the ordinary course of business with subsidiaries companies, associates, shareholders, directors, officers of the Group and entities of which they are principal owners. Been granted financing activities to the Parties with the relevant market prices, all are regular and there are no provisions against them. At the balance sheet date, such significant balances included:

	2008		2007	
	Directors	Subsidiaries and Associates	Directors	Subsidiaries and Associates
Transactions with related parties				
Fee and commission	-	293,194	-	124,692
Profit paid on deposits	9,747	8,451	1,161	1,865
Sale of properties and investments	-	-	-	645,000
Mudaraba investment in property funds	-	35,850	-	123,760
Mudaraba investment by associates	-	81,636	-	37,200
Balances with related parties				
Financing	1,148,176	1,733,970	327,133	893,743
Mudaraba investment in property funds	-	-	-	123,760
Deposits	75,528	866,640	80,671	1,307,152
Contingent liabilities, guarantees and other commitments	38,954	178,360	15,715	178,360
			2008	2007
During the year key management remuneration which includes salaries and other benefits			28,310	19,917

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

32. Cash and cash equivalents

Cash and cash equivalents do not include balance on reserve account with Qatar Central Bank and comprise the following balances with less than 90 days maturity:

	2008	2007
Cash and current account with central banks	234,231	884,982
Due from and investments with banks and financial institutions	5,466,715	3,168,108
Total	5,700,946	4,053,090

33. Parent company

Balance sheet:

	2008	2007
Assets		
Cash and balances with central bank	1,023,178	1,256,826
Due from and investment with banks and financial institutions	6,212,151	3,362,300
Due from financing activities (net)	19,062,120	11,784,825
Financial investments available for sale	3,091,643	2,121,312
Investments in associates	1,571,369	862,887
Other investments	1,190,741	916,592
Fixed assets	250,288	101,262
Other assets	660,590	575,867
Total assets	33,062,080	20,981,871
Total liabilities, unrestricted investment accounts and Shareholders' equity		
Due to banks and financial institutions	8,514,320	3,590,636
Customers' accounts	5,096,173	4,385,582
Other liabilities	827,533	587,460
Total liabilities	14,438,026	8,563,678
Unrestricted investment accounts	11,519,526	7,850,327
Shareholders' equity		
Share capital	1,969,110	1,193,400
Legal reserve	2,923,269	1,856,400
General reserve	545,202	107,514
Risk reserve	358,856	92,246
Fair value reserve	(76,258)	14,769
Translation reserve	(22,713)	-
Proposed bonus shares	-	596,700
Proposed cash dividend	1,378,377	238,680
Retained earnings	28,685	468,157
Total shareholders' equity	7,104,528	4,567,866
Total liabilities, unrestricted investment accounts and Shareholders' equity	33,062,080	20,981,871

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

33. Parent company (continued)

Statement of income:

	2008	2007
Income		
Income from financing activities	1,343,459	797,065
Profit on investing activities	895,510	638,228
Total income from financing and investment activities	2,238,969	1,435,293
Commission and fees income	229,081	100,832
Commission and fees expenses	(12,229)	(13,062)
Net income from commission and fees	216,852	87,770
(Loss)/Gain from foreign exchange operations	(80,706)	5,030
Other operating income	7,891	14,076
Operating revenue	2,383,006	1,542,169
Expenses and provisions		
General and administrative expenses	(374,110)	(279,195)
Depreciation of fixed assets	(16,026)	(10,667)
Provision for impairment of receivables and financing activities	47,750	584
Other investment provision	-	(4,000)
Provision impairment other Investment	(65,011)	(12,138)
Net operating profit	1,975,609	1,236,753
Income from dilution of interest in subsidiary	-	307,390
Net profit for the year	1,975,609	1,544,143
Less:		
Unrestricted investment account holder's share of profit	(386,704)	(342,801)
Net profit for the year attributable to shareholders	1,588,905	1,201,342

Statement of cash flow:

	2008	2007
Cash flow from operating activities		
Net profit for the year before share of profit for unrestricted investment account holders	1,975,610	1,544,143
Adjustments for:		
Depreciation on fixed assets	16,026	10,667
Provision for financial investments	(4,524)	(1,151)
Provision for impairment of other investments	65,011	12,138
Revaluation Gain for other investments	12,240	(7,078)
Share of profit from associate	(239,558)	(30,098)
Foreign Exchange Fluctuations Gains	20,915	(66,651)
Profit on sale of fixed assets	-	(14)
Profit on sale of financial investments available for sale	(178,313)	(141,189)
Income from Dilution of Subsidiary	-	(307,390)
Income from revaluation on investment property at faire value	(198,129)	-
Profit on sale of other investments	(119,769)	(148,008)
Net operating profit before changes in operating assets and liabilities	1,349,509	865,369

Notes to the Consolidated Financial Statements

for the year ended 31 December 2008

Amounts expressed in thousands of Qatari Riyals

33. Parent company (continued)

Statement of cash flow (continued):

	2008	2007
Net decrease/(increase) in assets:		
Balances with banks and financial institutions	(704,593)	(72,725)
Reserve with Qatar Central Bank	(417,106)	(134,524)
Due from financing activities	(7,277,295)	(4,745,532)
Other assets	(84,487)	(303,968)
Net increase/(decrease) in liabilities:		
Due to banks and financial institutions	4,923,684	2,444,947
Customer accounts	710,591	2,021,863
Other liabilities	277,117	180,260
	(1,222,580)	255,690
Payments to unrestricted investment account holders	(363,647)	(297,870)
Net cash from operating activities	(1,586,227)	(42,180)
Cash flow from investing activities:		
Purchase of financial investments	(2,255,405)	(1,343,781)
Additional investment in associate company	(535,000)	(364,000)
Proceeds from sale of financial investments	1,373,860	846,615
Proceeds from dilution of interest in subsidiary	-	390,000
Purchase of other investments	(401,753)	(535,998)
Proceeds from sale of other investments	380,341	712,703
Purchase of fixed assets	(164,901)	(28,121)
Proceeds from sale of fixed assets	-	140
Net cash used in investing activities	(1,602,858)	(322,442)
Cash flow from financing activities:		
Increase in share capital	179,010	-
Increase in legal reserve	1,074,060	-
Increase in unrestricted investment accounts	3,669,199	1,368,958
Dividend distributed	(238,680)	(835,380)
Net cash from financing activities	4,683,589	533,578
Net increase/(decrease) in cash and cash equivalents	1,494,504	168,956
Cash and cash equivalents - Beginning of the year	4,050,868	3,881,912
	5,545,372	4,050,868

34. Subsequent events

In an extraordinary general meeting of the shareholders held on 23 December 2008, the shareholders approved to issue share capital to Qatar Investment Authority (QIA) up to a maximum of 20% of the issued share capital of the bank as at 31 December 2008. Subsequently QIA indicated its intention to execute a 10% investment during 2009.

35. Comparative figures

Certain corresponding figures have been reclassified to conform to the current year presentation.



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Al Fanar Branch

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Salwa Road Branch

Tel. 4681667, Fax 4680123

Al Gharafa Branch

Tel. 4866656, Fax 4866056

Al Sadd Branch

Tel. 4289666, Fax 4478947

Al Khor Branch

Tel. 4721666, Fax 4721888

Al Rayyan Branch

Tel. 4809925, Fax 4811612

Airport Branch

Tel. 4655611, Fax 4676532

Al Wakra Branch

Tel. 4640711, Fax 4644197

Yarmouk Branch

Tel. 4883168, Fax 4883170

Aljazeera Channel Branch

Tel. 4882607, Fax 4862240

Ladies Branch

Tel. 4879933, Fax 4888655

New Doha Branch

Tel. 4839464, Fax 4837982

Mesaieed Branch

Tel. 4771810, Fax 4770872

Al Mansoura Branch

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Al Muntazah Branch

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Al Shahania Branch

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General Authority for Minors Affairs Branch

Tel. 4341147, Fax 4320902

Al Ghuwairiya Branch

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City Center Branch

Tel. 4930758, Fax 4834032

Mesaimeer Branch

Tel. 4603694, Fax 4604028

Khartiyat Branch

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