



The Commercial Bank of Qatar (Q.S.C.)

Interim condensed consolidated financial statements

30 June 2012

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF THE
COMMERCIAL BANK OF QATAR (Q.S.C.)**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank of Qatar (Q.S.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 June 2012, comprising of the interim consolidated statement of financial position as at 30 June 2012 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2012, the related interim consolidated statement of changes in equity and cash flows for the six-month period then ended, and the related explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting* ("IAS 34") and the applicable provisions of Qatar Central Bank regulations. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and the applicable provisions of Qatar Central Bank regulations.


Ziad Nader

of Ernst & Young

Auditor's Registration No: 258

Date: 18 July 2012

Doha



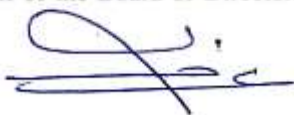
The Commercial Bank of Qatar (Q.S.C.)

Interim consolidated statement of financial position as at 30 June 2012

(All amounts in thousands of Qatar Riyals unless otherwise stated)

		30-Jun-12	30-Jun-11	31-Dec-11
		Reviewed	Reviewed	Audited
ASSETS				
	Notes			
Cash and balances with Central Bank		3,012,818	2,802,007	2,576,494
Due from banks and financial institutions		6,625,933	6,240,602	9,271,920
Loans, advances and financing activities for customers	4	43,927,340	39,787,873	41,613,804
Financial investments	5	12,803,768	12,696,416	11,732,639
Investments in associates	6	3,919,141	3,811,102	3,926,480
Property and equipment	7	1,088,677	1,047,907	1,070,328
Other assets		1,923,707	1,333,202	1,348,400
Total assets		73,301,384	67,719,109	71,540,065
LIABILITIES				
Due to banks and financial institutions	8	3,599,007	6,097,598	5,837,887
Customers' deposits and unrestricted investment accounts		40,556,025	34,736,517	37,988,683
Borrowing under repurchase agreements		1,741,023	1,050,564	1,150,810
Debt issued and other borrowed funds	9	12,145,074	11,152,786	11,054,086
Other liabilities		1,349,940	1,201,482	1,278,303
Total liabilities		59,391,069	54,238,947	57,309,769
EQUITY				
Share capital	10	2,474,464	2,474,464	2,474,464
Legal reserve	11	8,740,540	8,740,540	8,740,540
General reserve		26,500	26,500	26,500
Cumulative changes in fair value		79,237	54,561	(68,548)
Risk reserve		830,600	757,000	805,600
Other reserves		539,442	441,814	556,456
Proposed dividend	12	-	-	1,484,678
Retained earnings		1,219,532	985,283	210,606
Total equity		13,910,315	13,480,162	14,230,296
Total liabilities and equity		73,301,384	67,719,109	71,540,065

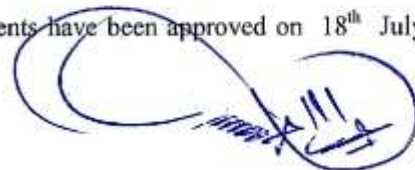
On behalf of the Board of Directors, the interim condensed consolidated financial statements have been approved on 18th July 2012 by:



HE Abdullah bin Khalifa Al Attiyah
Chairman



Sheikh Abdullah bin Ali bin Jabor Al Thani
Vice Chairman



Mr. Abdulla S. Al Raisi
Deputy Chief Executive Officer

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

The Commercial Bank of Qatar (Q.S.C.)

Interim consolidated statement of comprehensive income for the six months ended 30 June 2012

(All amounts in thousands of Qatar Riyals unless otherwise stated)

	Three months ended		Six months ended	
	30-Jun-12 Reviewed	30-Jun-11 Reviewed	30-Jun-12 Reviewed	30-Jun-11 Reviewed
Interest income from Conventional and Profit from Islamic Operations	720,014	702,365	1,434,842	1,399,280
Interest expense from Conventional and Share of Profit on Islamic Operations	(256,176)	(224,924)	(493,353)	(477,298)
Net interest income and Profit from Islamic Operations	463,838	477,441	941,489	921,982
Fee and commission income	192,710	220,713	368,212	400,274
Fee and commission expense	(41,408)	(45,915)	(88,262)	(80,237)
Net fee and commission income	151,302	174,798	279,950	320,037
Dividend income	8,940	3,232	17,737	14,779
Net gains from dealing in foreign currencies	38,042	31,748	73,191	60,786
Profit from financial investments	50,033	18,171	66,752	65,389
Other operating income	13,758	12,936	26,791	23,845
	110,773	66,087	184,471	164,799
Net operating income	725,913	718,326	1,405,910	1,406,818
General and administrative expenses	(212,824)	(181,778)	(396,094)	(362,759)
Depreciation	(30,636)	(27,937)	(58,765)	(52,542)
Recoveries (impairment losses) on loans and advances to customers, net	12,788	(35,057)	(31,835)	(87,974)
Impairment losses on financial investments	(20,720)	(13,653)	(26,688)	(36,737)
Total operating expenses and impairment losses	(251,392)	(258,425)	(513,382)	(540,012)
Profit before share of results of associates	474,521	459,901	892,528	866,806
Share of results of associates	71,160	49,249	124,384	88,779
Net profit for the period	545,681	509,150	1,016,912	955,585
Other comprehensive income				
Share of other comprehensive income (loss) of associates	215	983	9,863	(2,136)
Net movement in fair value of available for sale investments	35,878	26,343	137,922	49
Other comprehensive income (loss) for the period	36,093	27,326	147,785	(2,087)
Total comprehensive income for the period	581,774	536,476	1,164,697	953,498
- Basic/diluted earnings per share (QAR) (note 13)	2.21	2.06	4.11	3.96

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

The Commercial Bank of Qatar (Q.S.C.)

Interim consolidated statement of changes in equity for the six months ended 30 June 2012

(All amounts in thousands of Qatar Riyals unless otherwise stated)

	Share Capital	Legal Reserve	General Reserve	Cumulative Changes in Fair Value	Risk Reserve	Other Reserves	Retained Earnings		Total
							Proposed Dividend	Other	
Balance at 1 January 2011	2,268,258	7,332,158	26,500	56,648	648,000	469,706	1,587,781	110,806	12,499,857
Profit for the period	-	-	-	-	-	-	-	955,585	955,585
Other comprehensive income for the period	-	-	-	(2,087)	-	-	-	-	(2,087)
Total comprehensive income for the period	-	-	-	(2,087)	-	-	-	955,585	953,498
Dividend from associates for 2010 transferred to retained earnings	-	-	-	-	-	(116,671)	-	116,671	-
Share of results of associates	-	-	-	-	-	88,779	-	(88,779)	-
Risk reserve as per QCB regulation	-	-	-	-	109,000	-	-	(109,000)	-
Dividends for the year 2010 (note 12)	-	-	-	-	-	-	(1,587,781)	-	(1,587,781)
Increase in share capital (note 10)	206,206	-	-	-	-	-	-	-	206,206
Increase in legal reserve (notes 10 and 11)	-	1,408,382	-	-	-	-	-	-	1,408,382
Balance at 30 June 2011	2,474,464	8,740,540	26,500	54,561	757,000	441,814	-	985,283	13,480,162
Balance at 1 January 2012	2,474,464	8,740,540	26,500	(68,548)	805,600	556,456	1,484,678	210,606	14,230,296
Profit for the period	-	-	-	-	-	-	-	1,016,912	1,016,912
Other comprehensive income for the period	-	-	-	147,785	-	-	-	-	147,785
Total comprehensive income for the period	-	-	-	147,785	-	-	-	1,016,912	1,164,697
Dividend from associates for 2011 transferred to retained earnings	-	-	-	-	-	(141,398)	-	141,398	-
Share of results of associates	-	-	-	-	-	124,384	-	(124,384)	-
Risk reserve as per QCB regulation	-	-	-	-	25,000	-	-	(25,000)	-
Dividends for the year 2011 (note 12)	-	-	-	-	-	-	(1,484,678)	-	(1,484,678)
Balance at 30 June 2012	2,474,464	8,740,540	26,500	79,237	830,600	539,442	-	1,219,532	13,910,315

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

The Commercial Bank of Qatar (Q.S.C.)

Interim consolidated statement of cash flows for the six months ended 30 June 2012

(All amounts in thousands of Qatar Riyals unless otherwise stated)

	Six months ended		Year ended
	30-Jun-12 Reviewed	30-Jun-11 Reviewed	31-Dec-11 Audited
Cash flows from operating activities			
Net profit for the period/year	1,016,912	955,585	1,883,971
Adjustments for:			
Depreciation	58,765	52,542	113,704
Amortisation of transaction costs	9,546	7,640	15,113
Impairment losses on loans and advances, net	31,835	87,974	239,403
Impairment losses on financial investments	26,688	36,737	68,197
Profit from sale of property and equipment	-	(37)	(37)
Share of results of associates	(124,384)	(88,779)	(203,420)
Profit from financial investments	(66,752)	(65,389)	(136,307)
Profit before changes in operating assets and liabilities	952,610	986,273	1,980,624
Net (increase) decrease in operating assets			
Due from banks and financial institutions	(756,162)	(103,591)	(165,878)
Loans, advances and financing activities for customers	(2,345,371)	(6,309,181)	(8,286,541)
Other assets	(575,307)	(101,091)	(267,873)
Net increase (decrease) in operating liabilities			
Customer deposits and unrestricted investment accounts	2,567,342	1,455,855	4,708,021
Other liabilities	118,736	(50,990)	(54,106)
Contribution to Social and Sports Activities Support Fund (Daam)	(47,099)	(32,838)	(40,882)
Net cash used in operating activities	(85,251)	(4,155,563)	(2,126,635)
Cash flows from Investing activities			
Purchase of financial investments	(2,988,884)	(2,944,275)	(4,795,399)
Investment in associates	-	(500)	(1,150)
Dividend received from associates	141,398	116,671	116,670
Proceeds from sale/maturity of financial investments	2,103,971	299,122	3,111,821
Purchase of property and equipment	(80,114)	(31,526)	(115,110)
Proceeds from sale of property and equipment	-	136	137
Net cash used in investing activities	(823,629)	(2,560,372)	(1,683,031)
Cash flows from Financing activities			
Net movements in borrowing under repurchase agreements	590,213	143,279	243,525
Net proceeds from debt issued and other borrowed funds	3,442,400	-	1,816,714
Repayment of debt issued and other borrowed funds	(2,366,000)	-	(1,820,000)
Net proceeds from issue of shares and shareholder's advances	-	1,614,588	1,614,588
Dividends paid (note 12)	(1,484,678)	(1,587,781)	(1,587,781)
Net cash from financing activities	181,935	170,086	267,046
Net decrease in cash and cash equivalents during the period/year	(726,945)	(6,545,849)	(3,542,620)
Cash and cash equivalents at 1 January	3,827,719	7,370,339	7,370,339
Cash and cash equivalents at end of the period/year (note 16)	3,100,774	824,490	3,827,719
Operational cash flows from interest and dividends:			
Interest/profit paid	448,009	475,692	975,121
Interest/profit received	1,391,692	1,330,899	2,883,151
Dividends received	17,737	14,779	24,188

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2012

(All amounts in thousands of Qatar Riyals unless otherwise stated)

1. CORPORATE INFORMATION

The Commercial Bank of Qatar (Q.S.C.) (the “Bank”) was incorporated in the State of Qatar in 1975 as a public shareholding company under Emiri Decree No.73 of 1974. The Bank and its subsidiaries (together the “Group”) are engaged in commercial banking, brokerage services and credit card business and operate through its head office and branches established in the State of Qatar. The Bank also acts as a holding company for its subsidiaries: a) CBQ Finance Ltd, primarily used for debt issuance on behalf of the Bank b) Orient 1 and Global Card Services L.L.C., engaged in credit card business in the Sultanate of Oman and c) Commercialbank Investment Services (S.P.C.) provides brokerage services in the State of Qatar.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with IAS 34, Interim Financial Reporting, and the applicable provisions of Qatar Central Bank regulations.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2011. The results for the six months ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011, except as noted below:

During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2012.

IFRS 7 Financial Instruments (Disclosures)

The amendment requires additional quantitative and qualitative disclosures relating to transfers of financial assets, when:

- Financial assets are derecognised in their entirety, but the entity has a continuing involvement in them (e.g., options or guarantees on the transferred assets)
- Financial assets are not derecognised in their entirety

The amended disclosures are more extensive and onerous than previous disclosures. This amendment did not have any impact on the Group.

The following amendments to standards became effective in 2012, but did not have any impact on the accounting policies, financial position or performance of the Group:

<i>Standards</i>	<i>Content</i>
IAS 12	Income Taxes – Tax recovery of underlying assets (Amendment)
IFRS 1	First-time adoption – Severe hyperinflation and removal of fixed dates for first-time adopters (Amendment)

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2012
(All amounts in thousands of Qatar Riyals unless otherwise stated)

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

SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and amendments issued but not adopted

The Group is currently considering the implications of the new standards and amendments to standards which are effective for future accounting periods and has not early adopted any of the new or amended Standards as listed below:

Standards	Content	Effective date
IFRS 9	Financial Instruments: Classification & Measurement (Part 1)	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Items of Other Comprehensive Income (Amendment)	1 January 2013
IAS 19	Employee Benefits (Revised)	1 January 2013

The Commercial Bank of Qatar (Q.S.C.)

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2012

(All amounts in thousands of Qatar Riyals unless otherwise stated)

3. SEGMENT INFORMATION

For management purposes, the Group is divided into three operating segments which are based on business lines and its associated companies as follows:

Commercial Banking:

- Corporate Banking provides an extensive range of conventional (non-Islamic) funded and non-funded credit facilities, demand and time deposit services, currency exchange facilities, interest rate swaps and other derivative trading services, loan syndication and structured financing services to Corporate, Commercial and Multinational Customers. Money Market funds and proprietary investment portfolio are also managed by this business segment.
- Retail Banking provides personal current, savings, time and investment account services, credit card and debit card services, consumer and vehicle loans, residential mortgage services and custodial services to retail and individual customers.
- Subsidiaries:
 - a) Orient 1 and Global Card Services L.L.C. provide credit card services in the Sultanate of Oman.
 - b) Commercialbank Investment Services (S.P.C.) provides brokerage services in the State of Qatar.

Unallocated assets, liabilities and revenues are related to certain central functions and non-core business operations, eg. Group head quarters, staff apartments, common property & equipment, cash functions and development projects and related payables, net of intra-group transactions.

Associated Companies – includes the Group's strategic investments in the National Bank of Oman in the Sultanate of Oman, United Arab Bank in United Arab Emirates and Asteco Qatar L.L.C., Gekko L.L.C. and Massoun Insurance Services L.L.C. which operate in the State of Qatar. All Associated Companies are accounted for under the equity method.

Islamic Banking

In accordance with Qatar Central Bank instructions, the Group ceased its Islamic banking operations as at 31 December 2011. The remaining Islamic financing will be held under Commercial Banking until the maturity/redemption of underlying contracts.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2012
(All amounts in thousands of Qatar Riyals unless otherwise stated)

3. SEGMENT INFORMATION – Continued

Management monitors the results of the operating segments separately to make decisions about resource allocation and performance assessment. Transfer prices between operating segments are on an arm's length basis.

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the operating segment, and income or expenses are attributed with the assets and liabilities' ownership. The following table summarizes performance of the operating segments:

For the six months ended 30 June 2012

	Commercial			Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total			
Net interest/similar income	699,808	243,527	943,335	1,414	(3,260)	941,489
Other income	310,645	135,359	446,004	3,080	15,337	464,421
Segmental revenue	<u>1,010,453</u>	<u>378,886</u>	<u>1,389,339</u>	<u>4,494</u>	<u>12,077</u>	<u>1,405,910</u>
Impairment losses on loans and advances, net of recovery	(24,428)	(7,559)	(31,987)	152	-	(31,835)
Impairment losses on financial investments	<u>(26,688)</u>	<u>-</u>	<u>(26,688)</u>	<u>-</u>	<u>-</u>	<u>(26,688)</u>
Segmental profit (loss)			<u>898,290</u>	<u>(2,171)</u>	<u>(3,591)</u>	<u>892,528</u>
Share of results of associates						<u>124,384</u>
Net profit for the period						<u>1,016,912</u>
Other information						
Assets	56,162,730	10,719,691	66,882,421	288,691	2,211,131	69,382,243
Investments in associates	-	-	-	-	-	3,919,141
Liabilities	46,639,022	12,603,490	59,242,512	104,429	44,128	59,391,069
Contingent items	18,263,532	1,571,302	19,834,834	-	-	19,834,834

Intra-group transactions are eliminated from this segmental information (Assets: QAR 402 million, Liabilities: QAR 230 million)

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2012
(All amounts in thousands of Qatar Riyals unless otherwise stated)

3. SEGMENT INFORMATION - Continued

For the six months ended 30 June 2011

	Commercial			Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total			
Net interest/similar income	746,142	176,885	923,027	697	(1,742)	921,982
Other income	295,828	166,526	462,354	1,977	20,505	484,836
Segmental revenue	1,041,970	343,411	1,385,381	2,674	18,763	1,406,818
Impairment losses on loans and advances, net of recovery	(68,775)	(19,441)	(88,216)	242	-	(87,974)
Impairment losses on financial investments	(36,737)	-	(36,737)	-	-	(36,737)
Segmental profit			862,753	2,188	1,865	866,806
Share of results of associates						88,779
Net profit for the period						955,585

Other information

Assets	54,222,056	7,963,122	62,185,178	90,210	1,632,619	63,908,007
Investments in associates	-	-	-	-	-	3,811,102
Liabilities	43,464,032	10,673,378	54,137,410	3,175	98,362	54,238,947
Contingent items	17,927,550	1,697,092	19,624,642	-	-	19,624,642

Intra-group transactions are eliminated from this segmental information (Assets: QAR 394 million, Liabilities: QAR 221 million)

Note: The results for Islamic Banking for the six months ended 30 June 2011 have been restated under Corporate Banking and Retail Banking, as appropriate, for consistency with the disclosure adopted for the period ended 30 June 2012.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2012
(All amounts in thousands of Qatar Riyals unless otherwise stated)

4. LOANS, ADVANCES AND FINANCING ACTIVITIES FOR CUSTOMERS

Loans, advances and financing activities for customers comprises:

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
Loans, advances and financing activities	43,018,505	38,048,321	40,101,453
Overdrafts	1,294,069	2,754,221	1,946,848
Bills discounted	114,515	129,554	112,905
Total loans, advances and financing activities	<u>44,427,089</u>	<u>40,932,096</u>	<u>42,161,206</u>
- Allowance for impairment	(499,749)	(1,144,223)	(547,402)
Net loans, advances and financing activities	<u>43,927,340</u>	<u>39,787,873</u>	<u>41,613,804</u>

The total non-performing loans, advances and financing activities at 30 June 2012 amounted to QAR 363 million, representing 0.82% of the total loans, advances and financing activities on a 90 days basis for recognition of non-performing loans (30 June 2011: QAR 1,222 million representing 2.99% of the total loans, advances and financing activities; 31 December 2011: QAR 508 million representing 1.20% of the total loans, advances and financing activities).

Interest in suspense of QAR 81 million (30 June 2011: QAR 348 million; 31 December 2011: QAR 73 million) is, for the purpose of the Qatar Central Bank regulatory requirements, effectively included in the above impairment allowance amount.

5. FINANCIAL INVESTMENTS

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
Financial investments comprise the following :			
a) Available-for-sale investments	8,082,204	6,405,868	6,229,663
b) Investments held-to-maturity	4,721,564	6,290,548	5,502,976
Balance at end of the period/year	<u>12,803,768</u>	<u>12,696,416</u>	<u>11,732,639</u>

The carrying value of financial investments pledged under Repo agreements is QAR 2,126 million (30 June 2011: QAR 1,236 million; 31 December 2011: QAR 1,281 million)

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2012

(All amounts in thousands of Qatar Riyals unless otherwise stated)

6. INVESTMENTS IN ASSOCIATES

The Group's investments in associates are as follows:

Associate entity	Country of incorporation	Carrying Value and % of interest held					
		30-Jun-12		30-Jun-11		31-Dec-11	
		Reviewed	%	Reviewed	%	Audited	%
a) National Bank of Oman SAOG	Oman	1,541,580	34.9%	1,487,265	34.9%	1,538,990	34.9%
b) United Arab Bank PJSC	UAE	2,364,050	40.0%	2,311,307	40.0%	2,374,737	40.0%
c) Asteco Qatar L.L.C.	Qatar	1,826	30.0%	2,187	30.0%	2,256	30.0%
d) Gekko L.L.C.	Qatar	-	50.0%	357	50.0%	-	50.0%
e) Massoun Insurance Services L.L.C.	Qatar	11,685	50.0%	9,986	50.0%	10,497	50.0%
Balance at the end of the period/year		3,919,141		3,811,102		3,926,480	

7. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2012, the Group acquired assets with a cost of QAR 80 million (30 June 2011: QAR 32 million; year ended 31 December 2011: QAR 115 million).

There were no disposals made by the Group during the six months periods ended 30 June 2012 (30 June 2011: QAR 99 thousand; year ended 31 December 2011: QAR 100 thousand).

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2012
(All amounts in thousands of Qatar Riyals unless otherwise stated)

8. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
Due to Central Bank	-	364,000	700,000
Current accounts	523,517	356,138	281,700
Placements	3,075,490	5,377,460	4,856,187
Balance at end of the period/year	<u>3,599,007</u>	<u>6,097,598</u>	<u>5,837,887</u>

9. DEBT ISSUED AND OTHER BORROWED FUNDS

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
EMTN Programme – Senior unsecured notes - note (a)	1,793,544	1,819,099	-
Syndicated loan - note (b)	-	2,364,660	2,365,698
Senior notes	3,619,163	3,611,135	3,615,093
Subordinated notes	2,154,404	2,151,526	2,152,938
CHF Fixed Rate Bonds	1,108,846	1,206,366	1,103,643
Bilateral loans	1,817,395	-	1,816,714
Club loan - note (c)	1,651,722	-	-
Balance at end of the period/year	<u>12,145,074</u>	<u>11,152,786</u>	<u>11,054,086</u>

- (a) On 11 April 2012, the Group completed an issuance of US\$ 500 million (or QAR 1,820 million) five year senior unsecured fixed rate notes under its US\$ 5 billion European Medium Term Note (“EMTN”) Programme that it established in 2011. The notes carry a fixed coupon of 3.375% per annum with interest payable semi-annually and are listed on the London Stock Exchange.

Bonds issued under the Bank’s initial EMTN programme with a value of US\$ 500 million (or QAR 1,820 million) matured and were repaid on 12 October 2011.

- (b) A Syndicated loan with a value of US\$ 650 million (or QAR 2,366 million) matured and was repaid on 28 February 2012.
- (c) The Bank established a new Club term loan facility on 6 February 2012 for US\$ 455 million (or QAR 1,656 million) with a group of international banks.

Debt issued and other borrowed funds due for repayment:

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
Up to 1 year	182,000	4,183,759	2,547,698
Between 1 and 3 years	6,906,280	-	5,249,807
Over 3 years	5,056,794	6,969,027	3,256,581
Balance at end of the period/year	<u>12,145,074</u>	<u>11,152,786</u>	<u>11,054,086</u>

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10. SHARE CAPITAL

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
Number of Shares (Nominal value of Ordinary shares QAR 10 each)	247,446,372	247,446,372	247,446,372
Issued and paid up capital (in thousands of Qatar Riyals)	2,474,464	2,474,464	2,474,464

On 17 January 2011 the Bank received the final tranche of the private placement proceeds from Qatar Holding LLC amounting to QAR 1.61 billion being the value of 20,620,530 new ordinary shares, with an issue price of QAR 78.30 per share including a premium of QAR 68.30 per share. Further to the approval at the Extraordinary General Assembly of the Bank, held on 21 February 2011, the new ordinary shares were issued on 22 February 2011 and the nominal value of QAR 10 per ordinary share was applied to paid up share capital.

11. LEGAL RESERVE

The proceeds of the additional 20,620,530 new ordinary shares issued on 22 February 2011 was applied to share capital (nominal value) at QAR 10 per ordinary share and to legal reserve (share premium) at QAR 68.30 per ordinary share, as per Article 154 of Commercial Companies Law no. 5 of 2002. There was no directly attributable cost for this transaction.

12. PROPOSED DIVIDEND

A cash dividend of 60% (or QAR 6 per share) relating to the year ended 31 December 2011 (2010: QAR 7 per share), amounting to QAR 1,485 million (2010: QAR 1,588 million), was approved for distribution to shareholders at the Annual General Assembly held on 27 February 2012.

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13. EARNINGS PER SHARE

	Three months ended		Six months ended	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	Reviewed	Reviewed	Reviewed	Reviewed
Basic and diluted				
Net profit for the period in thousand QAR	545,681	509,150	1,016,912	955,585
Weighted average number of shares in thousands	247,446	247,446	247,446	241,523
Earnings per share (QAR)	2.21	2.06	4.11	3.96

The weighted average number of shares (in thousands) have been calculated as follows:

	Three months ended		Six months ended	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	Reviewed	Reviewed	Reviewed	Reviewed
Qualifying shares at the beginning of the period	247,446	226,826	247,446	226,826
Private placement	-	20,620	-	14,697
Weighted average number of shares for the period	247,446	247,446	247,446	241,523

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14. RELATED PARTIES DISCLOSURES

The Group carries out various transactions with subsidiaries and associated companies, and with members of the Board of Directors, the executive management or companies in which they have significant influence or any other parties of important influence in the Group's financial or operations decisions. The balances at the end of the reporting period were as follows:

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
Board members			
- Loans, advances and financing activities (a)	2,602,966	1,924,426	2,516,789
- Deposits	291,980	181,792	183,640
- Contingent liabilities, guarantees and other commitments	14,761	33,133	23,356
- Interest income earned from facilities granted to board members	14,163	16,853	35,233
- Other fee income earned from transactions with board members	175	2,649	3,252
- Interest paid on deposits accounts of board members	5,669	5,608	15,671
- Fixed Remuneration and meeting attendance fees paid to board members	2,760	2,939	41,454
Associated companies			
- NBO's deposit with the Bank	1,641	3,545	675
- Bank's deposit with NBO	296	747	237,053
- NBO's contingent liabilities to the Bank:			
- Letter of Guarantee	11,121	10,717	11,192
- Letter of Credit	-	157	
- Un-utilized credit facilities	254,800	254,800	254,800
- Interest rate swap (notional amount)	7,091	21,273	14,182
- Interest rate swap (fair value)	169	950	488
- UAB Group's deposits with the Bank	175,419	135	183,369
- Bank's deposit with UAB	183,278	628	182,737
- UAB's contingent liabilities to the Bank:			
- Letter of Guarantee	31,369	31,745	29,281
- Letter of Credit	908	650	620
- Asteco's deposit with the Bank	5,211	6,228	6,148
- Gekko's deposit with the Bank	321	146	580
- Massoun Insurance Services' deposit with the Bank	19,578	18,713	19,855
- Interest income earned from Associates	414	73	550
- Interest expense incurred to Associates	261	757	836
Senior management compensation			
- Fixed remuneration	20,053	15,154	35,975
- Discretionary remuneration	10,990	6,432	12,864
- Fringe benefits	2,405	2,384	4,772
Additional information			
(a) Loans, advances and financing activities' balance at 30 June 2012 with the members of the Board and the companies in which they have significant influence are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities are performing satisfactorily with all obligations honored as arranged. The pricing of any such transactions are primarily based on the banker customer relationship at the prevailing market rates.			

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15. OFF-BALANCE SHEET ITEMS

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
a) Contingent liabilities			
Acceptances	255,181	557,480	97,979
Guarantees	10,324,558	8,846,326	9,088,622
Letters of credit	3,368,452	4,655,427	5,217,592
Un-utilized credit facilities	5,886,643	5,565,409	5,859,107
Balance at end of the period/year	<u>19,834,834</u>	<u>19,624,642</u>	<u>20,263,300</u>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives at notional value	8,004,080	8,031,959	6,143,561
Capital commitments	407,802	468,200	479,243

16. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS

	30-Jun-12	30-Jun-11	31-Dec-11
	Reviewed	Reviewed	Audited
Cash and balances with Central Bank *	1,246,626	1,233,096	827,160
Due from banks and financial institutions up to 90 days	5,453,155	5,688,992	8,838,446
Due to banks and financial institutions up to 90 days	(3,599,007)	(6,097,598)	(5,837,887)
Balance at end of the period/year	<u>3,100,774</u>	<u>824,490</u>	<u>3,827,719</u>

* Cash and balances with Central Bank does not include the mandatory cash reserve.