



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

Interim condensed consolidated financial statements

31 March 2009

**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 31 March 2009, comprising of the interim condensed consolidated statement of financial position as at 31 March 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and 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.



Firas Qoussous
Of Ernst & Young
Auditor's Registration No: 236

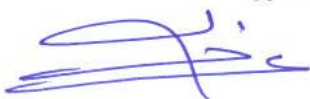


Date: 19 April 2009
Doha

The Commercial Bank of Qatar (Q.S.C.)
Interim condensed consolidated statement of financial position as at 31 March 2009
(All amounts in thousands of Qatar Riyals unless otherwise stated)

		31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
ASSETS				
	Notes			
Cash and balances with Central Bank		5,766,337	2,310,610	3,015,283
Due from banks and financial institutions		11,452,281	9,085,036	14,315,648
Loans, advances and financing activities for customers	4	34,841,496	27,418,116	33,897,513
Financial investments	5	5,762,307	5,005,739	4,774,963
Investments in associates	6	3,620,739	3,565,758	3,641,486
Property and equipment	7	878,677	760,430	1,136,073
Other assets		1,174,549	612,495	520,785
Total assets		63,496,386	48,758,184	61,301,751
LIABILITIES				
Due to banks and financial institutions	8	13,299,103	4,604,868	10,922,869
Customer deposits		27,764,463	27,345,355	29,337,943
Borrowing under repurchase agreements		1,781,226	985,755	781,226
Other borrowed funds	9	6,099,363	7,626,316	6,096,091
Other liabilities		1,532,401	1,088,623	1,337,246
Total liabilities excluding unrestricted investment accounts		50,476,556	41,650,917	48,475,375
Unrestricted investment accounts	10	2,897,813	1,071,858	2,847,931
Total liabilities including unrestricted investment accounts		53,374,369	42,722,775	51,323,306
EQUITY				
Share capital	11	2,165,156	1,822,053	2,062,053
Legal reserve	12	6,627,922	2,915,602	5,923,731
General reserve		26,500	26,500	26,500
Cumulative changes in fair value		(273,261)	128,248	(442,857)
Risk reserve		664,300	374,000	638,300
Other reserves		303,107	165,362	325,933
Proposed dividend	13	-	-	1,443,437
Retained earnings		608,293	603,644	1,348
Total equity		10,122,017	6,035,409	9,978,445
Total liabilities and equity		63,496,386	48,758,184	61,301,751

The financial statements have been approved by the board of directors and signed on their behalf by the following on 19 April 2009.



HE Abdullah bin Khalifa Al Attiyah
Chairman

Mr. Hussain Ibrahim Alfardan
Managing Director



Mr. A C Stevens
Group Chief Executive Officer

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of income for the three months ended 31 March 2009

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

	Three months ended	
	31-Mar-09 Reviewed	31-Mar-08 Reviewed
Interest income	735,192	615,216
Interest expense	<u>(365,354)</u>	<u>(392,832)</u>
Net interest income	<u>369,838</u>	<u>222,384</u>
Income from Islamic financing and investment activities	58,517	31,905
Less: unrestricted investment account holders' share of profit	<u>(37,118)</u>	<u>(11,663)</u>
Net income from Islamic financing and investment activities	<u>21,399</u>	<u>20,242</u>
Fee and commission income	218,187	230,737
Fee and commission expense	<u>(22,856)</u>	<u>(22,479)</u>
Net fee and commission income	<u>195,331</u>	<u>208,258</u>
Dividend income	46,989	30,911
Net gains from dealing in foreign currencies	27,955	28,531
Profit from financial investments	139	38,804
Other operating income	<u>173,990</u>	<u>22,189</u>
	<u>249,073</u>	<u>120,435</u>
Net operating income	835,641	571,319
General and administrative expenses	(156,015)	(136,195)
Depreciation	(23,998)	(14,722)
Recoveries of impairment losses on loans to financial institutions, net	-	2,466
Impairment losses on loans and advances to customers, net	(57,211)	(5,486)
Impairment losses on financial investments	<u>(27,779)</u>	<u>(27,994)</u>
Total operating expenses and impairment losses	<u>(265,003)</u>	<u>(181,931)</u>
Profit before share of associates' result	570,638	389,388
Share of result of associates	39,481	47,014
Net profit for the period	<u>610,119</u>	<u>436,402</u>
- Basic/diluted earnings per share (QAR) (note 14)	2.89	2.40

The attached notes 1 to 17 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 three months ended 31 March 2009

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

	Three months ended	
	31-Mar-09 Reviewed	31-Mar-08 Reviewed
Net profit for the period	<u>610,119</u>	<u>436,402</u>
Other comprehensive income		
Share of other comprehensive income of associates	1,582	(14,508)
Net movement in fair value of available for sale investments	168,014	(45,670)
Contribution for social responsibilities	<u>-</u>	<u>(8,000)</u>
Other comprehensive income for the period	169,596	(68,178)
Total comprehensive income for the period	<u><u>779,715</u></u>	<u><u>368,224</u></u>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of changes in equity for the three months ended 31 March 2009

(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	Proposed bonus shares	Other	
Balance at 1 January 2008	1,401,579	2,915,602	26,500	188,426	346,300	171,903	560,632	420,474	196,401	6,227,817
Total comprehensive income for the period	-	-	-	(60,178)	-	-	-	-	428,402	368,224
Dividend from associates for 2007 transferred to retained earnings	-	-	-	-	-	(53,555)	-	-	53,555	-
Share of result of associates	-	-	-	-	-	47,014	-	-	(47,014)	-
Risk reserve as per QCB regulation	-	-	-	-	27,700	-	-	-	(27,700)	-
Dividends for the year 2007	-	-	-	-	-	-	(560,632)	-	-	(560,632)
Distribution of bonus shares for the year 2007	420,474	-	-	-	-	-	-	(420,474)	-	-
Balance at 31 March 2008	1,822,053	2,915,602	26,500	128,248	374,000	165,362	-	-	603,644	6,035,409
Balance at 1 January 2009	2,062,053	5,923,731	26,500	(442,857)	638,300	325,933	1,443,437	-	1,348	9,978,445
Total comprehensive income for the period	-	-	-	169,596	-	-	-	-	610,119	779,715
Dividend from associates for 2008 transferred to retained earnings	-	-	-	-	-	(62,307)	-	-	62,307	-
Share of result of associates	-	-	-	-	-	39,481	-	-	(39,481)	-
Risk reserve as per QCB regulation	-	-	-	-	26,000	-	-	-	(26,000)	-
Dividends for the year 2008	-	-	-	-	-	-	(1,443,437)	-	-	(1,443,437)
Increase in share capital (note 11)	103,103	-	-	-	-	-	-	-	-	103,103
Increase in legal reserve (note 11 and 12)	-	704,191	-	-	-	-	-	-	-	704,191
Balance at 31 March 2009	2,165,156	6,627,922	26,500	(273,261)	664,300	303,107	-	-	608,293	10,122,017

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of cash flows for the three months ended 31 March 2009

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

	Three months ended		Year ended
	31-Mar-09	31-Mar-08	31-Dec-08
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Net profit for the period/year	610,119	436,402	1,702,442
Adjustments for:			
Depreciation	23,998	14,722	67,973
Amortization of transaction cost	3,272	3,211	9,048
Impairment losses on loans and advances,net	57,211	3,020	58,812
Impairment losses on financial investments	27,779	27,994	464,850
Profit from sale of property and equipment	(165,000)	-	(9,792)
Share of results of associates	(39,481)	(47,014)	(207,585)
Profit from financial investments	(139)	(38,804)	(276,030)
Profit before changes in operating assets and liabilities	<u>517,759</u>	<u>399,531</u>	<u>1,809,718</u>
Net (increase) decrease in operating assets			
Due from banks and financial institutions	3,969,552	(55,913)	(417,604)
Loans, advances and financing activities for customers	(1,001,194)	(2,399,649)	(8,947,763)
Other assets	(653,764)	(222,509)	(133,749)
Net increase (decrease) in operating liabilities			
Due to banks and financial institutions	137,147	(50,000)	731,226
Customer deposits	(1,523,598)	2,620,874	6,420,160
Other liabilities	195,155	238,348	457,709
Net cash (used in) from operating activities	<u>1,641,057</u>	<u>530,682</u>	<u>(80,303)</u>
Cash flows from Investing activities			
Purchase of financial investments	(1,825,823)	(581,326)	(1,972,513)
Investment in associates	-	(284,920)	(284,920)
Dividend received from associates	62,307	82,646	82,646
Proceeds from sale of financial investments	980,378	204,888	1,141,472
Purchase of property and equipment	(51,605)	(53,754)	(482,893)
Proceeds from sale of property and equipment	450,000	-	26,960
Net cash used in investing activities	<u>(384,743)</u>	<u>(632,466)</u>	<u>(1,489,248)</u>
Cash flows from Financing activities			
Proceeds from other borrowed funds	-	-	1,375,938
Repayment of other borrowed funds	-	-	(2,912,000)
Net proceeds from issue of shares	807,294	-	3,248,101
Dividends paid	(1,443,437)	(560,632)	(560,632)
Net cash from (used in) financing activities	<u>(636,143)</u>	<u>(560,632)</u>	<u>1,151,407</u>
Net increase (decrease) in cash and cash equivalents during the period/year	<u>620,171</u>	<u>(662,416)</u>	<u>(418,144)</u>
Effects of foreign exchange fluctuation	-	-	40
Cash and cash equivalents at beginning of the period/year	4,269,168	4,687,272	4,687,272
Cash and cash equivalents at end of the period/year (note 17)	<u>4,889,339</u>	<u>4,024,856</u>	<u>4,269,168</u>

The attached notes 1 to 17 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 three months ended 31 March 2009

(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 conventional banking, Islamic banking services and credit card business and operates through its Head Office and branches established in the State of Qatar. The Bank also acts as a holding company for its subsidiaries engaged in credit card business in the Sultanate of Oman and Egypt.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 31 March 2009 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 2008. The results for the three months ended 31 March 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

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 2008, except as noted below:

During the period, the Group has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 ‘Presentation of Financial Statements’ (Revised):

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in income) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-owner changes in equity) are required to be presented separately in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

IFRS 8 ‘Operating segments’:

The new standard which replaced IAS 14 ‘Segment reporting’ requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief executive officer for decision making.

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

Notes to the interim condensed consolidated financial statements

For the three months ended 31 March 2009

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

3. SEGMENT INFORMATION

For management purposes, the Group is divided into five operating segments which are based on business lines, as follows:

- Conventional Banking:
 - a) Corporate Banking provides funded and non-funded credit facilities, demand and time deposit services, investment advisory and brokerage services, currency exchange facilities, interest rate swap and other derivative trading services, loan syndication and structured financing services to Corporate, Commercial and Multinational Customers. Money Markets funds and proprietary investment portfolio also managed by this business segment.
 - b) Retail Banking provides personal current, savings, time and investment accounts services, credit card and debit card services, consumer loans and residential mortgage services, custodial services to retail and individual customers.
- Al Safa Islamic Banking – provides Islamic principle (Sharia) compliant banking services such as current, savings, time and investment account services, consumer and finance leasing, trade finances to retail, corporate and commercial customers.
- Orient 1 – a subsidiary of the Bank provides credit card services in the Sultanate of Oman and Egypt.
- Investment in associates – includes the Group's strategic acquisitions in National Bank of Oman in Oman and United Arab Bank in UAE and Asteco LLC in the State of Qatar, which are accounted for under the equity method.
- Others – includes central administrative functions handled by the Group.

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

Segment assets and liabilities comprise operating assets and liabilities directly handled by the business group and income or expenses attributed in line with the assets and liabilities ownership. The following table summarizes performance of the business segments.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the three months ended 31 March 2009
(All amounts in thousands of Qatar Riyals unless otherwise stated)

3. SEGMENT INFORMATION – Continued

For the three months ended 31 March 2009

	Conventional			Al Safa Islamic Banking	Orient 1	Others	Total
	Corporate Banking	Retail Banking	Total				
Net interest/similar income	271,023	97,950	368,973	21,399	865	-	391,237
Other income	204,533	48,178	252,711	15,909	2,150	173,634	444,404
Segmental revenue	<u>475,556</u>	<u>146,128</u>	<u>621,684</u>	<u>37,308</u>	<u>3,015</u>	<u>173,634</u>	835,641
Impairment losses on loans and advances, net of recovery	190	(56,119)	(55,929)	(1,314)	32	-	(57,211)
Impairment losses on financial investments	<u>(27,779)</u>	<u>-</u>	<u>(27,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>	(27,779)
Segmental profit			<u>393,895</u>	<u>27,695</u>	<u>1,304</u>	<u>147,744</u>	570,638
Share of result of associates							39,481
Net profit for the period							610,119
Other information							
Assets	46,632,594	5,653,885	52,286,479	4,635,463	15,232	2,938,473	59,875,647
Investments in associates							3,620,739
Liabilities	40,114,504	7,269,817	47,384,321	4,385,463	3,655	1,600,930	53,374,369
Contingent items	25,280,747	879,592	26,160,339	-	-	-	26,160,339

For the three months ended 31 March 2008

	Conventional			Al Safa Islamic Banking	Orient 1	Others	Total
	Corporate Banking	Retail Banking	Total				
Net interest/similar income	144,448	77,012	221,460	20,242	924	-	242,626
Other income	239,891	79,629	319,520	5,279	1,240	2,654	328,693
Segmental revenue	<u>384,339</u>	<u>156,641</u>	<u>540,980</u>	<u>25,521</u>	<u>2,164</u>	<u>2,654</u>	571,319
Impairment losses on loans and advances, net of recovery	4,298	(6,751)	(2,453)	(695)	128	-	(3,020)
Impairment losses on financial investments	<u>(27,994)</u>	<u>-</u>	<u>(27,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>	(27,994)
Segmental profit			<u>379,647</u>	<u>17,616</u>	<u>(945)</u>	<u>(6,930)</u>	389,388
Share of result of associates							47,014
Net profit for the period							436,402
Other information							
Assets	35,632,459	4,666,066	40,298,525	2,266,572	42,754	2,584,575	45,192,426
Investments in associates							3,565,758
Liabilities	32,532,933	7,054,952	39,587,885	2,016,573	5,789	1,112,528	42,722,775
Contingent items	24,003,823	707,133	24,710,956	-	-	-	24,710,956

Intra-group transactions are eliminated from this segmental information.

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

Notes to the interim condensed consolidated financial statements

For the three months ended 31 March 2009

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

4. LOANS, ADVANCES AND FINANCING ACTIVITIES FOR CUSTOMERS

	31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
Loans	30,694,915	23,447,633	29,897,295
Overdrafts	1,697,058	2,365,510	1,761,632
Bills discounted	96,120	708,579	101,625
Islamic financing	2,715,033	1,111,973	2,423,686
Total loans, advances and financing activities	35,203,126	27,633,695	34,184,238
- Allowance for impairment	(361,630)	(215,579)	(286,725)
Net	34,841,496	27,418,116	33,897,513

The total non-performing loans, advances and financing activities at 31 March 2009 amounted to QAR 365 million, representing 1.04% of the total loans, advances and financing activities (31 March 2008: QAR 222 million representing 0.81% of the total loans, advances and financing activities; 31 December 2008: QAR 290 million representing 0.85% of the total loans, advances and financing activities).

Interest in suspense of QAR 112 million (31 March 2008: QAR 73 million; 31 December 2008 : QAR 94 million) is, for the purpose of the Qatar Central Bank regulatory requirements, effectively included in the above impairment allowance amount.

5. FINANCIAL INVESTMENTS

	31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
Investments comprise the following			
a) Available-for-sale investments *	2,110,846	2,529,469	2,415,340
b) Investments held-to-maturity	3,651,461	2,476,270	2,359,547
c) Investments held-for-trading	-	-	76
Balance at end of the period/year	5,762,307	5,005,739	4,774,963

* On 19 March 2009, the Bank decided to take up the Government's offer relating to buy part, or all, of the Qatar DSM equity investment portfolios of local banks, and has sold its entire portfolio of Qatar equities which had a net book value of QAR 937.9 million. The Government paid QAR 417.8 million in cash and provided a five-year bond amounting to QAR 520.1 million which carries a coupon of 5.5% per annum.

The carrying value of financial investment securities pledged under Repo agreements is QAR 2,050.7 million (31 March, 2008: QAR 999.7 million; 31 December, 2008: QAR 990.0 million).

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

Notes to the interim condensed consolidated financial statements

For the three months ended 31 March 2009

(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	Carrying value		
	31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
a) National Bank of Oman SAOG	1,417,659	1,397,240	1,455,823
b) United Arab Bank PJSC	2,200,313	2,167,018	2,182,748
c) Asteco LLC	2,767	1,500	2,915
Balance at end of the period/year	<u>3,620,739</u>	<u>3,565,758</u>	<u>3,641,486</u>

a) The Group holds an interest of 34.85% (31 March 2008: 34.85%; 31 December 2008: 34.85%) in National Bank of Oman SAOG, a bank incorporated in Oman.

b) The Group holds an interest of 40% (31 March 2008: 40%; 31 December 2008: 40%) in United Arab Bank PJSC, a bank incorporated in United Arab Emirates.

c) The Group holds an interest of 30% (31 March 2008: 30%; 31 December 2008: 30%) in Asteco LLC, a company incorporated in the State of Qatar.

7. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the three months ended 31 March 2009, the Group acquired assets with a cost of QAR 52 million (31 March 2008: QAR 54 million; 31 December 2008: QAR 483 million).

Assets with a net book value of QAR 285 million were disposed by the Group during the three months ended 31 March 2009 (31 March 2008: QAR nil; 31 December 2008: QAR 0.2million) for a consideration of QAR 450 million. The profit on sale of QAR 165 million is included within other operating income.

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

Notes to the interim condensed consolidated financial statements

For the three months ended 31 March 2009

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

8. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
Current accounts	196,735	148,187	1,122,800
Placements	13,102,368	4,456,681	9,800,069
Balance at end of the period/year	13,299,103	4,604,868	10,922,869

9. OTHER BORROWED FUNDS

	31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
Syndicated loans	4,284,646	5,814,867	4,282,209
EMTN (Bonds)	1,814,717	1,811,449	1,813,882
Balance at end of the period/year	6,099,363	7,626,316	6,096,091

Movements in other borrowed funds are analysed as follows:

	31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
Balance at beginning of the period/year	6,096,091	7,623,105	7,623,105
Additions to borrowings	-	-	1,375,938
Repayments of borrowings	-	-	(2,912,000)
Amortisation of discount and transaction cost	3,272	3,211	9,048
Balance at end of the period/year	6,099,363	7,626,316	6,096,091

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

Notes to the interim condensed consolidated financial statements

For the three months ended 31 March 2009

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

10. UNRESTRICTED INVESTMENT ACCOUNTS

	31-Mar-09	31-Mar-08	31-Dec-08
	Reviewed	Reviewed	Audited
Saving deposits	202,952	118,811	221,668
Call deposit	45,500	45,500	45,770
Investment deposits	<u>2,649,361</u>	<u>907,547</u>	<u>2,580,493</u>
Balance at end of the period/year	<u>2,897,813</u>	<u>1,071,858</u>	<u>2,847,931</u>

11. SHARE CAPITAL

At an Extraordinary General Assembly of the bank, held on 26 November 2008, the shareholders approved and authorized Board of Directors to increase the Share Capital of the Bank by a private placement of 41,241,063 ordinary shares to Qatar Investment Authority. On 17 February 2009, the Bank issued 10,310,265 new ordinary shares out of those authorized on 26 November 2008, at a price of QAR 78.3 per share including a premium of QAR 68.3 per share.

12. LEGAL RESERVE

The proceeds of the additional 10,310,265 new ordinary shares issued during the period was credited to share capital (nominal value) at QAR 10 per ordinary share and to legal reserve (share premium) at QAR 68.3 per ordinary share, as per Article 154 of Commercial Companies Law no. 5 of 2002. There was no directly attributable cost for this transaction.

13. DIVIDENDS

A cash dividend of QAR 7.0 per share (2007: QAR 4.0 per share) amounting to QAR 1,443 million was approved and paid (2007: QAR 561 million) during the period.

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For the three months ended 31 March 2009

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

14. EARNINGS PER SHARE

	31-Mar-09	31-Mar-08
	Reviewed	Reviewed
Net profit for the period in thousand QAR	610,119	436,402
Weighted average number of shares in thousands	211,131	182,205
Earnings per share (QAR)	2.89	2.40

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

Qualifying shares at the beginning of the year	206,205	140,158
Effect of bonus shares issue	-	42,047
Effects of Private Placement to Qatar Investment Authority	4,926	-
	<u>211,131</u>	<u>182,205</u>

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15. RELATED PARTIES DISCLOSURES

The Group carries out various transactions with subsidiaries and associate companies and with members of the Board of Directors, the executive management or companies in which they have significant interest 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:-

	31-Mar-09 Reviewed	31-Mar-08 Reviewed	31-Dec-08 Audited
Board members			
- Loans, advances and financing activities (a)	1,391,308	538,870	968,334
- Deposits	485,960	420,325	383,760
- Contingent liabilities, guarantees and other commitments	29,960	40,864	30,906
- Interest income earned from facilities granted to board members	17,584	10,517	49,165
- Other fees income earned from transactions with board members	881	676	5,956
- Interest paid to deposits accounts of board members	21,273	11,288	46,008
- Fixed remuneration and meeting attendance fees paid to board members	702	561	49,800
Parent/Subsidiaries companies			
- Balance with bank/ Customers' deposits (b)	63,003	28,745	53,959
Associate company			
- NBO's deposit with the Group	265	3,611	1,344
- Bank's deposit with NBO	72	1,301	567
- NBO's contingent liabilities to the Group :			
- Letter of Guarantee	6,090	1,670	2,540
- Foreign exchange bought	-	3,000	-
- Foreign exchange sold	-	2,999	-
- Interest rate swap (notional amount)	49,636	56,727	56,727
- Interest rate swap (fair value)	1,148	611	3,393
Senior management compensation			
- Fixed remuneration	8,275	6,090	30,216
- Discretionary remuneration	4,406	3,932	15,729
- Fringe benefits	2,281	1,643	7,460

Additional information

a) A significant portion of the loans, advances and financing activities' balance at 31 March 2009 with the members of the Board and the companies in which they have significant interest are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities' are performing satisfactorily with all obligations honoured as arranged. The pricing of any such transactions are primarily based on the banker customer relationship and the prevailing market rates.

b) Balance with bank and Customers' deposits between parent and subsidiaries companies including any income/expenses on those balances have been eliminated on consolidation.

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16. OFF-BALANCE SHEET ITEMS

	31-Mar-09	31-Mar-08	31-Dec-08
	Reviewed	Reviewed	Audited
a) Contingent liabilities			
Acceptance	1,671,755	3,199,047	2,388,401
Guarantees	13,845,961	13,923,329	14,488,472
Letter of credit	6,413,030	4,489,389	5,335,915
Un-utilised credit facilities granted to customers	<u>4,229,593</u>	<u>3,099,191</u>	<u>5,653,694</u>
	<u>26,160,339</u>	<u>24,710,956</u>	<u>27,866,482</u>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives at notional value	5,109,763	2,559,143	6,089,289
Guaranteed investment funds	1,292	2,228	1,310
Capital commitments	15,629	134,890	6,492

17. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS

	31-Mar-09	31-Mar-08	31-Dec-08
	Reviewed	Reviewed	Audited
Cash and balances with Central Bank*	4,201,654	1,261,886	1,463,741
Due from banks and financial institutions less than 90 days	<u>687,685</u>	<u>2,762,970</u>	<u>2,805,427</u>
Balance at end of the period/year	<u>4,889,339</u>	<u>4,024,856</u>	<u>4,269,168</u>

*Does not include the mandatory cash reserve with Central Bank.