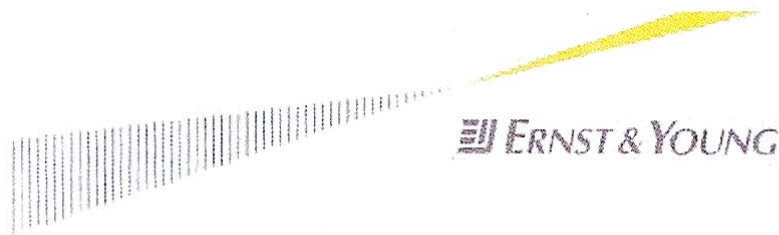




**The Commercial Bank of Qatar (Q.S.C.)**

**Interim condensed consolidated financial statements**

**30 September 2009**



P.O. Box 164  
3rd Floor, Al-Abdulgham Tower  
Airport Road  
Doha, State of Qatar  
Tel: +974 441 4509  
Fax: +974 441 4549  
www.ey.com/qr

## 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 September 2009, comprising of the interim consolidated statement of financial position as at 30 September 2009 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2009, the related interim consolidated statement of changes in equity and cash flows for the nine-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.

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



Date: 18 October 2009  
Doha

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

**Interim consolidated statement of financial position as at 30 September 2009**

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

		30-Sep-09 Reviewed	30-Sep-08 Reviewed	31-Dec-08 Audited
<b>ASSETS</b>				
	Notes			
Cash and balances with Central Bank		5,034,218	2,593,879	3,015,283
Due from banks and financial institutions		5,109,338	12,568,731	14,315,648
Loans, advances and financing activities for customers	4	31,495,116	32,111,968	33,897,513
Financial investments	5	9,214,316	5,275,180	4,774,963
Investments in associates	6	3,724,697	3,652,522	3,641,486
Property and equipment	7	882,359	846,654	1,136,073
Other assets		921,006	732,408	520,785
<b>Total assets</b>		<b>56,381,050</b>	<b>57,781,342</b>	<b>61,301,751</b>
<b>LIABILITIES</b>				
Due to banks and financial institutions	8	7,013,163	6,992,169	10,922,869
Customer deposits		28,051,947	27,195,379	29,337,943
Borrowing under repurchase agreements		778,984	1,953,817	781,226
Other borrowed funds	9	5,559,841	7,629,361	6,096,091
Other liabilities		1,473,445	1,107,862	1,337,246
Total liabilities excluding unrestricted investment accounts		<b>42,877,380</b>	<b>44,878,588</b>	<b>48,475,375</b>
Unrestricted investment accounts	10	2,589,614	2,691,148	2,847,931
<b>Total liabilities including unrestricted investment accounts</b>		<b>45,466,994</b>	<b>47,569,736</b>	<b>51,323,306</b>
<b>EQUITY</b>				
Share capital	11	2,165,156	2,062,053	2,062,053
Legal reserve	12	6,627,922	5,924,286	5,923,731
General reserve		26,500	26,500	26,500
Cumulative changes in fair value		(208,868)	(70,048)	(442,857)
Risk reserve		638,300	613,800	638,300
Other reserves		376,812	273,267	325,933
Proposed dividend	13	-	-	1,443,437
Retained earnings		1,288,234	1,381,748	1,348
<b>Total equity</b>		<b>10,914,056</b>	<b>10,211,606</b>	<b>9,978,445</b>
<b>Total liabilities and equity</b>		<b>56,381,050</b>	<b>57,781,342</b>	<b>61,301,751</b>

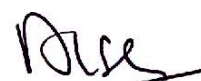
On behalf of the Board of Directors, the interim condensed consolidated financial statements have been approved on 18 October 2009 by:



**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 consolidated statement of income for the nine months ended 30 September 2009**

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

	Three months ended		Nine months ended	
	30-Sep-09 Reviewed	30-Sep-08 Reviewed	30-Sep-09 Reviewed	30-Sep-08 Reviewed
Interest income	712,421	687,985	2,217,278	1,920,808
Interest expense	(309,454)	(323,829)	(1,027,510)	(1,039,432)
<b>Net interest income</b>	<b>402,967</b>	<b>364,156</b>	<b>1,189,768</b>	<b>881,376</b>
Income from Islamic financing and investment activities	49,964	50,626	168,700	123,581
Less:unrestricted investment account holders'share of profit	(33,319)	(29,090)	(110,673)	(55,303)
<b>Net income from Islamic financing and investment activities</b>	<b>16,645</b>	<b>21,536</b>	<b>58,027</b>	<b>68,278</b>
Fee and commission income	211,025	289,967	621,488	797,584
Fee and commission expense	(24,771)	(24,261)	(72,133)	(70,594)
<b>Net fee and commission income</b>	<b>186,254</b>	<b>265,706</b>	<b>549,355</b>	<b>726,990</b>
Dividend income	643	3,500	61,827	36,261
Net gains from dealing in foreign currencies	30,421	39,505	90,710	102,974
Profit from financial investments	36,571	74,629	35,409	276,436
Other operating income	11,824	15,194	196,054	49,109
	<b>79,459</b>	<b>132,828</b>	<b>384,000</b>	<b>464,780</b>
<b>Net operating income</b>	<b>685,325</b>	<b>784,226</b>	<b>2,181,150</b>	<b>2,141,424</b>
General and administrative expenses	(160,281)	(151,494)	(483,632)	(446,925)
Depreciation	(26,189)	(19,684)	(75,874)	(57,391)
Recoveries of impairment losses on loans to financial institutions, net	-	-	-	2,466
Impairment losses on loans and advances to customers, net	(86,585)	(11,607)	(288,945)	(29,110)
Impairment losses on financial investments	(56,062)	(132,197)	(108,120)	(203,172)
Total operating expenses and impairment losses	<b>(329,117)</b>	<b>(314,982)</b>	<b>(956,571)</b>	<b>(734,132)</b>
<b>Profit before share of results of associates</b>	<b>356,208</b>	<b>469,244</b>	<b>1,224,579</b>	<b>1,407,292</b>
Share of results of associates	38,269	53,827	113,186	154,919
<b>Net profit for the period</b>	<b>394,477</b>	<b>523,071</b>	<b>1,337,765</b>	<b>1,562,211</b>
- Basic/diluted earnings per share (QAR) (note 14)	<b>1.82</b>	2.75	<b>6.23</b>	8.21

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 nine months ended 30 September 2009**

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

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed
<b>Net profit for the period</b>	<b>394,477</b>	523,071	<b>1,337,765</b>	1,562,211
<b>Other comprehensive income</b>				
Share of other comprehensive income of associates	2,533	(36,636)	30,549	(35,842)
Net movement in fair value of available for sale investments	9,078	(309,077)	203,440	(222,632)
Contribution for social responsibilities	-	-	-	(8,000)
<b>Other comprehensive income (loss) for the period</b>	<b>11,611</b>	(345,713)	<b>233,989</b>	(266,474)
<b>Total comprehensive income for the period</b>	<b>406,088</b>	177,358	<b>1,571,754</b>	1,295,737

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 changes in equity for the nine months ended 30 September 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	
<b>Balance at 1 January 2008</b>	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	-	-	-	(258,474)	-	-	-	-	1,554,211	1,295,737
Dividend from associates for 2007 transferred to retained earnings	-	-	-	-	-	(53,555)	-	-	53,555	-
Share of results of associates	-	-	-	-	-	154,919	-	-	(154,919)	-
Risk reserve as per QCB regulation	-	-	-	-	267,500	-	-	-	(267,500)	-
Dividends for the year 2007	-	-	-	-	-	-	(560,632)	-	-	(560,632)
Increase in share capital	240,000	-	-	-	-	-	-	-	-	240,000
Increase in share premium through rights issue	-	3,008,684	-	-	-	-	-	-	-	3,008,684
Distribution of bonus shares for the year 2007	420,474	-	-	-	-	-	-	(420,474)	-	-
<b>Balance at 30 September 2008</b>	<b>2,062,053</b>	<b>5,924,286</b>	<b>26,500</b>	<b>(70,048)</b>	<b>613,800</b>	<b>273,267</b>	<b>-</b>	<b>-</b>	<b>1,381,748</b>	<b>10,211,606</b>
<b>Balance at 1 January 2009</b>	<b>2,062,053</b>	<b>5,923,731</b>	<b>26,500</b>	<b>(442,857)</b>	<b>638,300</b>	<b>325,933</b>	<b>1,443,437</b>	<b>-</b>	<b>1,348</b>	<b>9,978,445</b>
Total comprehensive income for the period	-	-	-	233,989	-	-	-	-	1,337,765	1,571,754
Dividend from associates for 2008 transferred to retained earnings	-	-	-	-	-	(62,307)	-	-	62,307	-
Share of results of associates	-	-	-	-	-	113,186	-	-	(113,186)	-
Risk reserve as per QCB regulation	-	-	-	-	-	-	-	-	-	-
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 (notes 11 and 12)	-	704,191	-	-	-	-	-	-	-	704,191
<b>Balance at 30 September 2009</b>	<b>2,165,156</b>	<b>6,627,922</b>	<b>26,500</b>	<b>(208,868)</b>	<b>638,300</b>	<b>376,812</b>	<b>-</b>	<b>-</b>	<b>1,288,234</b>	<b>10,914,056</b>

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 cash flows for the nine months ended 30 September 2009**

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

	<b>Nine months ended</b>		<b>Year ended</b>
	<b>30-Sep-09</b>	30-Sep-08	31-Dec-08
	Reviewed	Reviewed	Audited
<b>Cash flows from operating activities</b>			
Net profit for the period/year	1,337,765	1,562,211	1,702,442
<b>Adjustments for:</b>			
Depreciation	75,874	57,391	67,973
Amortization of transaction cost	9,750	6,256	9,048
Impairment losses on loans and advances, net	288,945	26,644	58,812
Impairment losses on financial investments	108,120	203,172	464,850
Profit from sale of property and equipment	(165,000)	-	(9,792)
Share of results of associates	(113,186)	(154,919)	(207,585)
Profit from financial investments	(35,409)	(276,436)	(276,030)
<b>Profit before changes in operating assets and liabilities</b>	<b>1,506,859</b>	1,424,319	1,809,718
Net (increase) decrease in operating assets			
Due from banks and financial institutions	402,050	(364,314)	(417,604)
Loans, advances and financing activities for customers	(840,786)	(7,117,125)	(8,947,763)
Other assets	(400,221)	(342,422)	(133,749)
Net increase (decrease) in operating liabilities			
Due to banks and financial institutions	(2,242)	1,014,677	731,226
Customer deposits	(1,544,313)	4,145,491	6,420,160
Other liabilities	136,199	202,284	457,709
<b>Net cash used in operating activities</b>	<b>(742,454)</b>	(1,037,090)	(80,303)
Cash flows from Investing activities			
Purchase of financial investments	(2,431,809)	(1,884,386)	(1,972,513)
Investment in associates	(1,300)	(284,920)	(284,920)
Dividend received from associates	62,307	82,646	82,646
Proceeds from sale of loans and advances	188,287	-	-
Proceeds from sale of financial investments	889,781	1,117,992	1,141,472
Purchase of property and equipment	(107,189)	(182,886)	(482,893)
Proceeds from sale of property and equipment	450,000	-	26,960
<b>Net cash used in investing activities</b>	<b>(949,923)</b>	(1,151,554)	(1,489,248)
Cash flows from Financing activities			
Proceeds from other borrowed funds	-	-	1,375,938
Repayment of other borrowed funds	(546,000)	-	(2,912,000)
Net proceeds from issue of shares	807,294	3,248,684	3,248,101
Dividends paid	(1,443,437)	(560,632)	(560,632)
<b>Net cash (used in) from financing activities</b>	<b>(1,182,143)</b>	2,688,052	1,151,407
Net increase (decrease) in cash and cash equivalents during the period/year	(2,874,520)	499,408	(418,144)
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
<b>Cash and cash equivalents at end of the period/year (note 17)</b>	<b>1,394,648</b>	5,186,680	4,269,168

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 nine months ended 30 September 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 operate 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 nine months ended 30 September 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 nine months ended 30 September 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 period 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. The Group has elected to present comprehensive income in two separate statements of income and comprehensive income.

**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 Management for decision making.



**The Commercial Bank of Qatar (Q.S.C.)**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine months ended 30 September 2009**  
(All amounts in thousands of Qatar Riyals unless otherwise stated)

### **3. SEGMENT INFORMATION**

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

Conventional Banking:

- Corporate Banking provides an extensive range of conventional (non-Islamic) 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 Market funds and proprietary investment portfolio are also managed by this business segment.
- 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.

Associated Companies – includes the Group's strategic acquisitions in National Bank of Oman in Oman and United Arab Bank in UAE, Asteco LLC and Gekko LLC in the State of Qatar, all of which are accounted for under the equity method.

Management monitors the operating results of the business segments separately to make decisions about resource allocation and performance assessment.

Segment assets and liabilities comprise operating assets and liabilities which are directly handled by the business segment, and income or expenses are 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 nine months ended 30 September 2009**

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

**3. SEGMENT INFORMATION - Continued**

**For the nine months ended 30 September 2009**

	Conventional			Al Safa Islamic Banking	Orient 1	Unallocated	Total
	Corporate Banking	Retail Banking	Total				
Net interest/similar income	923,926	265,261	1,189,187	58,027	2,649	(2,068)	<b>1,247,795</b>
Other income	579,973	124,501	704,474	29,631	5,331	193,919	<b>933,355</b>
Segmental revenue	<u>1,503,899</u>	<u>389,762</u>	<u>1,893,661</u>	<u>87,658</u>	<u>7,980</u>	<u>191,851</u>	<b><u>2,181,150</u></b>
Impairment losses on loans and advances, net of recovery	(146,762)	(138,143)	(284,905)	(4,098)	58	-	<b>(288,945)</b>
Impairment losses on financial investments	<u>(96,743)</u>	<u>-</u>	<u>(96,743)</u>	<u>(11,377)</u>	<u>-</u>	<u>-</u>	<b><u>(108,120)</u></b>
Segmental profit			<b><u>1,067,195</u></b>	<b><u>46,643</u></b>	<b><u>4,864</u></b>	<b><u>105,877</u></b>	<b><u>1,224,579</u></b>
Share of results of associates							<b><u>113,186</u></b>
<b>Net profit for the period</b>							<b><u>1,337,765</u></b>

**Other information**

Assets	42,120,960	5,272,461	47,393,421	4,009,942	15,138	1,237,852	<b>52,656,353</b>
Investments in associates							<b>3,724,697</b>
Liabilities	33,781,114	7,741,351	41,522,465	3,683,125	3,529	257,875	<b>45,466,994</b>
Contingent items	22,499,458	1,074,636	23,574,094	825,232	-	-	<b>24,399,326</b>

**The Commercial Bank of Qatar (Q.S.C.)**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine months ended 30 September 2009**

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

**3. SEGMENT INFORMATION - Continued**

**For the nine months ended 30 September 2008**

	Conventional			Al Safa Islamic Banking	Orient 1	Unallocated	<b>Total</b>
	Corporate Banking	Retail Banking	Total				
Net interest/similar income	639,139	273,082	912,221	68,278	2,419	(33,264)	949,654
Other income	920,467	224,324	1,144,791	23,698	13,319	9,962	1,191,770
Segmental revenue	1,559,606	497,406	2,057,012	91,976	15,738	(23,302)	2,141,424
Impairment losses on loans and advances, net of recovery	4,152	(29,591)	(25,439)	(1,484)	279	-	(26,644)
Impairment losses on financial investments	(203,172)	-	(203,172)	-	-	-	(203,172)
Segmental profit			1,395,296	67,016	7,090	(62,110)	1,407,292
Share of results of associates							154,919
<b>Net profit for the period</b>							<b>1,562,211</b>
<b>Other information</b>							
Assets	42,946,276	5,887,663	48,833,939	3,921,738	22,204	1,350,939	54,128,820
Investments in associates							3,652,522
Liabilities	36,710,242	6,918,852	43,629,094	3,604,723	3,499	332,420	47,569,736
Contingent items	26,157,612	1,867,844	28,025,456	582,050	-	-	28,607,506

**The Commercial Bank of Qatar (Q.S.C.)**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine months ended 30 September 2009**  
(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:

	<b>30-Sep-09</b>	30-Sep-08	31-Dec-08
	Reviewed	Reviewed	Audited
Loans	27,319,175	27,768,986	29,897,295
Overdrafts	2,340,414	2,014,315	1,761,632
Bills discounted	89,587	213,032	101,625
Islamic financing activities	2,277,646	2,362,611	2,423,686
<b>Total loans, advances and financing activities</b>	<u>32,026,822</u>	<u>32,358,944</u>	<u>34,184,238</u>
- Allowance for impairment	<u>(531,706)</u>	<u>(246,976)</u>	<u>(286,725)</u>
<b>Net</b>	<u><b>31,495,116</b></u>	<u>32,111,968</u>	<u>33,897,513</u>

As part of Government of Qatar's programme of initiatives to support the banking sector, Commercialbank has sold loans and advances to customers and other exposures to the Government amounting to QAR 3,043 million. The Government paid QAR 188 million in cash and provided QAR 2,855 million in Government bonds in consideration for the sold assets.

The total non-performing loans, advances and financing activities at 30 September 2009 amounted to QAR 674 million, representing 2.10% of the total loans, advances and financing activities (30 September 2008: QAR 250 million representing 0.77% 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 153 million (30 September 2008: QAR 86 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**

	<b>30-Sep-09</b>	30-Sep-08	31-Dec-08
	Reviewed	Reviewed	Audited
Investments comprise of the following			
a) Available-for-sale investments	2,137,780	2,907,506	2,415,340
b) Investments held-to-maturity	7,076,536	2,366,151	2,359,547
c) Investments held-for-trading	-	1,523	76
<b>Balance at end of the period/year</b>	<u><b>9,214,316</b></u>	<u>5,275,180</u>	<u>4,774,963</u>

During the period, the Bank took up the Government's offer to buy 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 that is included in the available-for-sale investment portfolio.

Investments held-to-maturity includes the bonds provided by the Government in settlement of sold loans and advances to customers and other exposures as stated in note 4.

The carrying value of financial investments pledged under Repo agreements is QAR 958 million (30 September 2008: QAR 2,039 million; 31 December 2008: QAR 990 million).

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**6. INVESTMENTS IN ASSOCIATES**

The Group's investments in associates are as follows:

Associate entity	Carrying Value		
	30-Sep-09 Reviewed	30-Sep-08 Reviewed	31-Dec-08 Audited
a) National Bank of Oman SAOG	1,457,270	1,464,589	1,455,823
b) United Arab Bank PJSC	2,263,601	2,186,433	2,182,748
c) Asteco LLC	2,526	1,500	2,915
d) Gekko LLC	1,300	-	-
<b>Balance at the end of the period/year</b>	<b><u>3,724,697</u></b>	<b><u>3,652,522</u></b>	<b><u>3,641,486</u></b>

- a) The Group holds an interest of 34.85% (30 September 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% (30 September 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% (30 September 2008: 30%; 31 December 2008: 30%) in Asteco LLC, a company incorporated in the State of Qatar.
- d) The Group holds an interest of 50% (30 September 2008: nil; 31 December 2008: nil) in Gekko LLC, a company incorporated in the State of Qatar.

**7. PROPERTY AND EQUIPMENT**

**Acquisitions and disposals**

During the nine months period ended 30 September 2009, the Group acquired assets with a cost of QAR 107 million (30 September 2008: QAR 183 million; 31 December 2008: QAR 483 million).

Assets with a net book value of QAR 285 million were disposed by the Group during the nine months period ended 30 September 2009 (30 September 2008: QAR 0.2 million; 31 December 2008: QAR 0.2 million) for a consideration of QAR 450 million. The profit on sale of QAR 165 million is included within other operating income.

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**8. DUE TO BANKS AND FINANCIAL INSTITUTIONS**

	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed	31-Dec-08 Audited
Current accounts	117,458	220,564	1,122,800
Placements	6,895,705	6,771,605	9,800,069
<b>Balance at end of the period/year</b>	<b><u>7,013,163</u></b>	<b><u>6,992,169</u></b>	<b><u>10,922,869</u></b>

**9. OTHER BORROWED FUNDS**

	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed	31-Dec-08 Audited
Syndicated loans	3,743,415	5,816,302	4,282,209
EMTN (Bonds)	1,816,426	1,813,059	1,813,882
<b>Balance at end of the period/year</b>	<b><u>5,559,841</u></b>	<b><u>7,629,361</u></b>	<b><u>6,096,091</u></b>

Movements in other borrowed funds are analysed as follows:

	<b>30-Sep-09</b> Reviewed	30-Sep-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	(546,000)	-	(2,912,000)
Amortisation of discount and transaction cost	9,750	6,256	9,048
<b>Balance at end of the period/year</b>	<b><u>5,559,841</u></b>	<b><u>7,629,361</u></b>	<b><u>6,096,091</u></b>

Other borrowed funds due for repayment:

	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed	31-Dec-08 Audited
Up to 1 year	1,382,252	3,457,151	1,922,539
Between 1 and 3 years	4,177,589	-	1,813,882
Over 3 years	-	4,172,210	2,359,670
<b>Balance at end of the period/year</b>	<b><u>5,559,841</u></b>	<b><u>7,629,361</u></b>	<b><u>6,096,091</u></b>

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**10. UNRESTRICTED INVESTMENT ACCOUNTS**

	<b>30-Sep-09</b>	30-Sep-08	31-Dec-08
	Reviewed	Reviewed	Audited
Savings deposits	165,168	310,901	221,668
Call deposits	72,333	45,770	45,770
Investment deposits	2,352,113	2,334,477	2,580,493
<b>Balance at end of the period/year</b>	<b><u>2,589,614</u></b>	<b><u>2,691,148</u></b>	<b><u>2,847,931</u></b>

**11. SHARE CAPITAL**

At an Extraordinary General Assembly of the Bank, held on 26 November 2008, the shareholders approved and authorized the 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 (QIA). On 17 February 2009, the Bank issued 10,310,265 new ordinary shares to the QIA out of those authorized on 26 November 2008, at a price of QAR 78.30 per share including a premium of QAR 68.30 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 68.30 per ordinary share, as per Article 154 of Commercial Companies Law no. 5 of 2002. There was no directly attributable cost for this transaction.

**13. PROPOSED DIVIDEND**

A cash dividend of QAR 7 per share relating to the year ended 31 December 2008 (2007: QAR 4 per share), amounting to QAR 1,443 million was approved and paid (2007: QAR 561 million) during the period.

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**14. EARNINGS PER SHARE**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed
Net profit for the period in thousand QAR	394,477	523,071	1,337,765	1,562,211
Weighted average number of shares in thousands	216,515	190,239	214,740	190,239
<b>Earnings per share (QAR)</b>	<b>1.82</b>	2.75	<b>6.23</b>	8.21

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

	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed	<b>30-Sep-09</b> Reviewed	30-Sep-08 Reviewed
Qualifying shares at the beginning of the period	206,205	140,158	206,205	140,158
Effect of bonus shares issue	-	42,047	-	42,047
Effects of rights issue	-	1,754	-	1,754
Effect of GDR and Private Placement	10,310	6,280	8,535	6,280
<b>Balance at end of the period</b>	<b>216,515</b>	190,239	<b>214,740</b>	190,239



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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:-

	<b>30-Sep-09</b>	30-Sep-08	31-Dec-08
	Reviewed	Reviewed	Audited
<b>Board members</b>			
- Loans, advances and financing activities (a)	1,550,555	995,913	968,334
- Deposits	410,449	321,611	383,760
- Contingent liabilities, guarantees and other commitments	29,721	37,942	30,906
- Interest income earned from facilities granted to board members	60,779	33,622	49,165
- Other fee income earned from transactions with board members	1,743	5,798	5,956
- Interest paid on deposits accounts of board members	64,119	25,865	46,008
- Fixed remuneration and meeting attendance fees paid to board members	2,846	1,443	49,800
<b>Parent/Subsidiaries companies</b>			
- Balance with bank/Customers' deposits (b)	66,536	55,015	53,959
<b>Associated companies</b>			
- NBO's deposit with the Group	343	1,675	1,344
- Bank's deposit with NBO	404	17	567
- NBO's contingent liabilities to the Group:			
- Letter of Guarantee	6,090	-	2,540
- Interest rate swap (notional amount)	42,545	56,727	56,727
- Interest rate swap (fair value)	2,729	433	3,393
- UAB's deposit with the Group	173,246	109,200	145,891
- Bank's deposit with UAB	-	-	145,600
- UAB's contingent liabilities to the Group:			
- Letter of Guarantee	14,847	7,983	7,554
- Asteco's deposit with the Group	7,168	13,248	12,200
- Gekko's deposit with the Group	2,600	-	-
<b>Senior management compensation</b>			
- Fixed remuneration	24,560	20,121	30,216
- Discretionary remuneration	13,218	11,797	15,729
- Fringe benefits	7,079	5,274	7,460

**Additional information**

a) A significant portion of the loans, advances and financing activities' balance at 30 September 2009 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.

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**

	<b>30-Sep-09</b>	30-Sep-08	31-Dec-08
	Reviewed	Reviewed	Audited
a) Contingent liabilities			
Acceptance	176,021	2,174,076	2,388,401
Guarantees	13,467,123	14,271,661	14,488,472
Letter of credit	5,841,385	6,584,022	5,335,915
Un-utilized credit facilities granted to customers	4,914,797	5,577,747	5,653,694
	<b><u>24,399,326</u></b>	<b><u>28,607,506</u></b>	<b><u>27,866,482</u></b>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives at notional value	6,192,493	6,380,116	6,089,289
Guaranteed investment funds	1,292	1,383	1,310
Portfolios and investments managed for others	-	58,240	-
Capital commitments	60,200	85,710	6,492

**17. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS**

	<b>30-Sep-09</b>	30-Sep-08	31-Dec-08
	Reviewed	Reviewed	Audited
Cash and balances with Central Bank	3,576,371	1,127,342	1,463,741
Due from banks and financial institutions up to 90 days	4,831,440	11,940,647	13,728,296
Due to banks and financial institutions up to 90 days	(7,013,163)	(7,881,309)	(10,922,869)
<b>Balance at end of the period/year</b>	<b><u>1,394,648</u></b>	<b><u>5,186,680</u></b>	<b><u>4,269,168</u></b>

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