



The Commercial Bank of Qatar (Q.S.C.)
Interim condensed consolidated financial statements
30 June 2008

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

Introduction

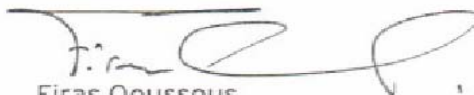
We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank of Qatar (Q.S.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 June 2008, comprising of the interim condensed consolidated balance sheet as at 30 June 2008 and the related interim condensed consolidated statements of income, changes in shareholders' equity and cash flows for the six-month period then ended and explanatory notes. Management 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. The interim condensed consolidated financial statements of the Group as of 30 June 2007 were reviewed and the consolidated financial statements as of 31 December 2007 were audited by another auditor, whose reports dated 15 July 2007 and 12 February 2008 respectively, expressed an unqualified review conclusion and audit opinion on those statements.

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 Goussous
Of Ernst & Young
Auditor's Registration No: 236



Date: 13 July 2008
Doha

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


Interim condensed consolidated balance sheet as at 30 June 2008

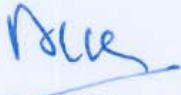
(All amounts in thousands of Qatar Riyals unless otherwise stated)

		30-Jun-08	30-Jun-07	31-Dec-07
		Reviewed	Reviewed	Audited
ASSETS				
	Notes			
Cash and balances with Central Bank		3,215,698	1,355,547	2,248,858
Due from banks and financial institutions		10,466,555	5,606,594	9,019,483
Loans, advances and financing activities for customers	4	29,847,973	21,876,427	25,021,487
Investment securities	5	5,356,858	4,906,121	4,664,672
Investment in associates	6	3,635,688	1,298,058	3,329,900
Property and equipment	7	807,690	651,429	721,393
Other assets		487,823	486,392	391,486
Total assets		<u>53,818,285</u>	<u>36,180,568</u>	<u>45,397,279</u>
LIABILITIES				
Due to banks and financial institutions	8	7,608,670	3,437,746	4,907,743
Customers' deposits		27,277,130	20,535,642	24,656,692
Borrowing under repurchase agreement		953,817	693,575	-
Other borrowed funds	9	7,627,241	4,710,513	7,623,105
Other liabilities		1,261,683	710,682	842,275
		<u>44,728,541</u>	<u>30,088,158</u>	<u>38,029,815</u>
Unrestricted investment accounts	10	1,667,448	766,695	1,139,647
Total liabilities and unrestricted investment accounts		<u>46,395,989</u>	<u>30,854,853</u>	<u>39,169,462</u>
SHAREHOLDERS' EQUITY				
Share capital		1,868,700	1,401,579	1,401,579
Legal reserve		3,505,687	2,915,499	2,915,602
General reserve		26,500	26,500	26,500
Fair value reserve		275,665	51,952	188,426
Risk reserves		420,500	226,000	346,300
Other reserves		219,440	94,147	171,903
Proposed dividend		-	-	560,632
Proposed bonus shares		-	-	420,474
Retained earnings		1,105,804	610,038	196,401
Total shareholders' equity		<u>7,422,296</u>	<u>5,325,715</u>	<u>6,227,817</u>
Total liabilities and shareholders' equity		<u>53,818,285</u>	<u>36,180,568</u>	<u>45,397,279</u>

The financial statements have been approved by the board of directors and signed on their behalf by the following on 13 July 2008.


Mr. Hussain Ibrahim Alfardan
 Managing Director


Sh. Jabor bin Ali bin Jabor Al Thani
 Director


Mr. A. C. Stevens
 Group Chief Executive Officer

The attached notes 1 to 19 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 six months ended 30 June 2008

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

	Three months ended		Six months ended	
	30-Jun-08 Reviewed	30-Jun-07 Reviewed	30-Jun-08 Reviewed	30-Jun-07 Reviewed
Interest income	617,607	531,636	1,232,823	985,923
Interest expense	<u>(322,771)</u>	<u>(319,543)</u>	<u>(715,603)</u>	<u>(573,277)</u>
Net interest income	294,836	212,093	517,220	412,646
Income from Islamic financing and investment activities	41,050	16,849	72,955	31,250
Unrestricted investment account holder share of profit	<u>(14,550)</u>	<u>(7,600)</u>	<u>(26,213)</u>	<u>(14,425)</u>
Net income from Islamic financing and investment activities	26,500	9,249	46,742	16,825
Fee and commission income	276,880	200,681	507,617	364,736
Fee and commission expense	<u>(23,854)</u>	<u>(16,178)</u>	<u>(46,333)</u>	<u>(29,834)</u>
Net fee and commission income	253,026	184,503	461,284	334,902
Dividend on shares and investment funds units	1,850	3,402	32,761	35,988
Profits from foreign currency transactions	34,938	18,496	63,469	34,654
Profits from investments	163,003	45,305	201,807	56,286
Other operating income	<u>11,726</u>	<u>4,074</u>	<u>33,915</u>	<u>8,179</u>
	211,517	71,277	331,952	135,107
Operating income	785,879	477,122	1,357,198	899,480
General and administrative expenses	(159,236)	(111,488)	(295,431)	(214,805)
Depreciation	(22,985)	(14,543)	(37,707)	(27,043)
Impairment losses on loans and advances to financial institutions, net	-	2,069	2,466	2,165
Impairment losses on loans and advances to customers, net	(12,017)	(11,310)	(17,503)	(28,926)
Impairment losses on investments securities	(42,981)	(5,446)	(70,975)	(56,020)
Impairment losses on other assets	-	(5,500)	-	(5,500)
Total operating expenses and impairment losses	<u>(237,219)</u>	<u>(146,218)</u>	<u>(419,150)</u>	<u>(330,129)</u>
Profit before share of profit of associate	548,660	330,904	938,048	569,351
Share of profit of associates net of tax	54,078	27,744	101,092	55,736
Net profit for the period	602,738	358,648	1,039,140	625,087
- Basic/diluted earnings per share (note 14)	3.30	1.96	5.68	3.42

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

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

Interim condensed consolidated statement of changes in shareholders' equity for the six months ended 30 June 2008

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

	Share Capital	Legal Reserve	General Reserve	Fair Value Reserve	Risk Reserve	Other Reserves	Retained Earnings	Total
Balance at 1 January 2007	1,401,579	2,915,499	26,500	1,624	176,200	84,549	1,025,455	5,631,406
Dividend for the year 2006	-	-	-	-	-	-	(981,106)	(981,106)
Dividend received from associates for 2006	-	-	-	-	-	(46,138)	46,138	-
Net profit for the six months ended 30 June 2007	-	-	-	-	-	-	625,087	625,087
Share of profit of associate net of tax-NBO	-	-	-	-	-	55,736	(55,736)	-
Net movement in fair values reserve	-	-	-	46,992	-	-	-	46,992
Share of revaluation reserves of associate	-	-	-	3,302	-	-	-	3,302
Risk reserve required as per QCB regulation	-	-	-	-	49,800	-	(49,800)	-
Adjustment for exchange rate fluctuations	-	-	-	34	-	-	-	34
Balance at 30 June 2007	1,401,579	2,915,499	26,500	51,952	226,000	94,147	610,038	5,325,715
Balance at 1 January 2008	1,401,579	2,915,602	26,500	188,426	346,300	171,903	1,177,507	6,227,817
Dividend for the year 2007	-	-	-	-	-	-	(560,632)	(560,632)
Distributed bonus shares for the year 2007	420,474	-	-	-	-	-	(420,474)	-
Contribution for social responsibilities	-	-	-	-	-	-	(8,000)	(8,000)
Dividend received from associates for 2007	-	-	-	-	-	(53,555)	53,555	-
Net profit for the six months ended 30 June 2008	-	-	-	-	-	-	1,039,140	1,039,140
Increase in share capital through rights issue *	46,647	-	-	-	-	-	-	46,647
Increase in share premium through rights issue *	-	590,085	-	-	-	-	-	590,085
Share of profit of associates net of tax	-	-	-	-	-	101,092	(101,092)	-
Net movement in fair values reserve	-	-	-	86,425	-	-	-	86,425
Share of revaluation reserves of associates	-	-	-	794	-	-	-	794
Risk reserve required as per QCB regulation	-	-	-	-	74,200	-	(74,200)	-
Adjustment for exchange rate fluctuations	-	-	-	20	-	-	-	20
Balance at 30 June 2008	1,868,700	3,505,687	26,500	275,665	420,500	219,440	1,105,804	7,422,296

* During the period, the Bank issued 4,664,705 shares in the form of rights issue at a price of QR 136.50 (premium of QR 126.50) per share (note 12 and 13).

The attached notes 1 to 19 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 six months ended 30 June 2008
(All amounts in thousands of Qatar Riyals unless otherwise stated)

	Six months ended		Year ended
	30-Jun-08	30-Jun-07	31-Dec-07
	Reviewed	Reviewed	Audited
Cash flows from operating activities			
Net profit for the period/year	1,039,140	625,087	1,390,715
Adjustments of profit with cash flows from operating activities			
Depreciation and amortization	41,843	29,588	59,105
Impairment losses on investment securities	70,975	56,020	85,904
Impairment losses on other assets	-	5,500	11,034
Share of profit of associates net of tax	(101,092)	(55,736)	(133,492)
Profit from investments	(201,807)	(56,286)	(205,772)
Profits before changes in operating assets and liabilities	<u>849,059</u>	<u>604,173</u>	<u>1,207,494</u>
Net (increase) decrease in operating assets			
Due from banks and financial institutions	(483,671)	(90,318)	(672,605)
Loans, advances and financing activities to customers	(4,826,486)	(4,516,679)	(7,661,739)
Other assets	(97,837)	(164,172)	(69,266)
Net increase (decrease) in operating liabilities			
Due to banks and financial institutions	1,176,818	(181,494)	(314,000)
Customers deposits	3,148,239	4,099,973	8,587,457
Other liabilities	411,408	16,725	154,836
Net cash from (used in) operating activities	<u>177,530</u>	<u>(231,792)</u>	<u>1,232,177</u>
Cash flows from Investing activities			
Purchase of investments	(1,300,780)	(1,271,205)	(1,844,980)
Acquisition of shares in associates	(284,920)	-	(1,899,882)
Dividend received from associates	82,646	46,138	46,138
Proceeds from sale and redemption of securities	826,545	750,199	1,738,862
Purchase of property, furniture and equipment	(123,995)	(120,660)	(216,073)
Net cash used in investing activities	<u>(800,504)</u>	<u>(595,528)</u>	<u>(2,175,935)</u>
Cash flows from Financing activities			
Proceeds from other borrowed funds	-	2,355,880	5,264,404
Repayment of other borrowed funds	-	(1,783,600)	(1,783,600)
Proceeds from rights issue	636,732	-	-
Dividend paid	(560,632)	(981,106)	(981,106)
Net cash (used in) from financing activities	<u>76,100</u>	<u>(408,826)</u>	<u>2,499,698</u>
Net increase (decrease) in cash and cash equivalents during the period/year	(546,874)	(1,236,146)	1,555,940
Effects of foreign exchange fluctuation	20	34	54
Cash and cash equivalents at beginning of period/year	4,687,272	3,131,278	3,131,278
Cash and cash equivalents at end of period/year (note 17)	<u>4,140,418</u>	<u>1,895,166</u>	<u>4,687,272</u>

The attached notes 1 to 19 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 2008

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

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

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 (“the Group”) are engaged in conventional commercial banking, Islamic banking services and credit card business and operates through its Head Office and branches established in Qatar. The Bank also acts as a holding company for its subsidiaries engaged in credit card business in several Middle East Countries.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2008 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 2007. The results for the six months ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

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 2007.

3. SEGMENT INFORMATION

The Group is divided into four main business segments which are as follows:

- Conventional Banking – provides funded and non-funded credit facilities, demand and time deposit services, investment advisory and brokerage services, currency exchange, interest rate swap and other derivative trading services, loan syndication and structured financing services etc. to Corporate, Commercial and Multinational Customers and also provides personal current, savings, time and investment accounts services, credit card and debit card services, consumer loans and residential mortgage services, valuable custody services etc. to retail and individual customers.
- Alsafa Islamic Banking (Alsafa) – provides Islamic principles (Sharia) compliant banking services such as current, savings, time and investment account services, consumers and lease finances, trade finances to retail, corporate and commercial customers.
- Orient 1 – a subsidiary of the Bank provides credit card services in the regional markets.
- Investment in associates – includes the Group’s strategic acquisitions in National Bank of Oman (NBO) and United Arab Bank (UAB) in UAE, which are accounted for under the equity method.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2008
(All amounts in thousands of Qatar Riyals unless otherwise stated)

3. SEGMENT INFORMATION - Continued

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 summaries performance of the business segments.

For the six months ended 30 June 2008

	Conventional Banking	Islamic Banking	Subsidiaries (Orient 1)	Investment in associates	Total
Interest/profit income	1,231,079	72,955	1,744	-	1,305,778
Interest/profit expense	(715,580)	(26,213)	(23)	-	(741,816)
Net interest/profit income	515,499	46,742	1,721	-	563,962
Non interest income	775,498	15,187	2,551	-	793,236
Operating income	1,290,997	61,929	4,272	-	1,357,198
Operating expenses	(310,659)	(16,105)	(6,374)	-	(333,138)
Impairment losses on loans and advances, net	(14,279)	(1,013)	255	-	(15,037)
Impairment losses on investment securities	(70,975)	-	-	-	(70,975)
Profit before share of profit of associates	895,084	44,811	(1,847)	-	938,048
Share of profit of associates	-	-	-	101,092	101,092
Net Profit for the period	895,084	44,811	(1,847)	101,092	1,039,140
Other Information					
Assets	47,513,229	2,599,243	70,125	3,635,688	53,818,285
Liabilities/unrestricted investment accounts	44,041,905	2,349,243	4,841	-	46,395,989
For the six months ended 30 June 2007					
Interest/profit income	983,681	31,250	2,242	-	1,017,173
Interest/profit expense	(573,250)	(14,425)	(27)	-	(587,702)
Net interest/profit income	410,431	16,825	2,215	-	429,471
Non interest income	462,090	5,263	2,656	-	470,009
Operating income	872,521	22,088	4,871	-	899,480
Operating expenses	(224,908)	(11,454)	(5,486)	-	(241,848)
Impairment losses on loans and advances, net	(31,038)	(977)	(246)	-	(32,261)
Impairment losses on investment securities	(56,020)	-	-	-	(56,020)
Profit before share of profit of associate	560,555	9,657	(861)	-	569,351
Share of profit of associate	-	-	-	55,736	55,736
Net Profit for the period	560,555	9,657	(861)	55,736	625,087
Other Information					
Assets	33,638,022	1,170,177	74,311	1,298,058	36,180,568
Liabilities/unrestricted investment accounts	29,909,714	938,064	7,075	-	30,854,853

Intra-group transactions are eliminated from this workings.

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

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2008

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

4. LOANS, ADVANCES AND FINANCING ACTIVITIES FOR CUSTOMERS

	30-Jun-08	30-Jun-07	31-Dec-07
	Reviewed	Reviewed	Audited
Loans	26,383,870	19,401,813	21,580,047
Overdrafts	1,874,368	1,566,912	1,989,081
Bills discounted	307,251	490,107	733,828
Islamic financing	1,516,039	588,248	920,806
Total loans, advances and financing activities	30,081,528	22,047,080	25,223,762
- Allowance for impairment	(233,555)	(170,653)	(202,275)
Net	29,847,973	21,876,427	25,021,487

The total non-performing loans and advances at 30 June 2008 amounted to QR 236 million, representing 0.79% of the total loans and advances (QR 173 million representing 0.79% of the total loans, advances and financing activities at 30 June 2007, QR 209 million representing 0.84% of the total loans, advances and financing activities at 31 December 2007).

Interest in suspense of QR 78.846 million (30 June 2007: QR 54.826 million, 31 December 2007 : QR 66.396 million) is for the purpose of the Qatar Central Bank regulatory requirements, effectively included in the above impairment allowance amount.

5. INVESTMENT SECURITIES

	30-Jun-08	30-Jun-07	31-Dec-07
	Reviewed	Reviewed	Audited
Investments securities comprise the following			
a) Available-for-sale investments	2,914,664	2,362,923	2,191,314
b) Investments held-to-maturity	2,433,417	2,543,198	2,473,358
c) Investments held-for-trading	8,777	-	-
Balance at end of the period/year	5,356,858	4,906,121	4,664,672

The carrying value of investments securities pledged under Repo agreements amounted to QR 992.0 million (31 December 2007: nil).

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

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2008

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

6. INVESTMENT IN ASSOCIATES

The Group's investment in associates as at 30 June 2008 were as follows:

Name	Carrying value		
	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
a) National Bank of Oman SAOG	1,453,997	1,298,058	1,429,093
b) United Arab Bank PJSC	2,180,191	-	1,900,807
c) Asteco WLL	1,500	-	-
Total	3,635,688	1,298,058	3,329,900

a) The Group holds an interest of 34.85% (30 June 2007: 34.85%, 31 December 2007: 34.85%) in National Bank of Oman SAOG, a bank incorporated in Oman.

b) The Group holds an interest of 40% (30 June 2007: nil, 31 December 2007: 34.692%) in United Arab Bank PJSC, a bank incorporated in United Arab Emirates.

c) The Group holds an interest of 30% (30 June 2007: nil) in Asteco, a joint venture company incorporated State of Qatar.

7. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2008, the Group acquired assets with a cost of QR 124.0 million (30 June 2007: QR 120.6 million, 31 December 2007: QR 216.0 million).

Assets with a net book value were disposed by the Group during the six months ended 30 June 2008 nil (30 June 2007: QR 401 thousand, 31 December 2007: QR 401 thousand)

The Commercial Bank of Qatar (Q.S.C.)**Notes to the interim condensed consolidated financial statements****For the six months ended 30 June 2008**

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

8. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
Current accounts	64,221	116,025	57,191
Placements	7,544,449	3,321,721	4,850,552
Balance at end of the period/year	7,608,670	3,437,746	4,907,743

9. OTHER BORROWED FUNDS

	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
Syndicated loans	5,814,993	2,901,391	5,812,444
EMTN (Bonds)	1,812,248	1,809,122	1,810,661
Total	7,627,241	4,710,513	7,623,105

Movements in other borrowed funds is analysed as follows:

	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
Balance at beginning of the period/year	7,623,105	4,135,688	4,135,688
Additions to borrowings	-	2,355,880	5,264,404
Repayments of borrowings	-	(1,783,600)	(1,783,600)
Amortisation of discount and transaction cost	4,136	2,545	6,613
Balance at end of the period/year	7,627,241	4,710,513	7,623,105

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

Notes to the interim condensed consolidated financial statements

For the six months ended 30 June 2008

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

10. UNRESTRICTED INVESTMENT ACCOUNTS

	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
Saving deposits	166,334	172,280	111,170
Investment deposits	1,474,901	579,990	997,852
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	1,641,235	752,270	1,109,022
Unrestricted investment account holders share of profit	26,213	14,425	30,625
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	1,667,448	766,695	1,139,647

11. DIVIDENDS

Dividends that relate to 2007 amounting to QR 560.632 million were paid in March 2008 and dividends that related to 2006 amounting to QR 981.106 million were paid in March 2007.

12. SHARE CAPITAL

Following an Extraordinary General Assembly on 19 May 2008, the Bank offered its existing shareholders the right to subscribe for up to 24,000,000 new ordinary shares in a rights offering (the "Rights Offering"). On 29 June 2008, the Bank allotted 4,664,705 new shares, at a price of QR 136.50 per share (share premium of QR 126.50 per share) resulting in an increase of QR 46.6 million in the paid up share capital and QR 590 million in the legal reserve, respectively.

To the extent that not all the 24,000,000 new ordinary shares were subscribed pursuant to the Rights Offering, the Bank offered any such unsubscribed new shares in the form of Global Depository Receipts (GDRs) and also offered such unsubscribed New Shares as a private placement.

Subsequent to 30 June 2008, the remaining unsubscribed new shares were allotted in the form of 18,435,295 shares represented by 92,176,475 GDRs and a private placement of 900,000 shares (Note 19).

13. LEGAL RESERVE

The proceeds received net of any directly attributable transaction costs are directly credited to share capital (nominal value) and legal reserve (share premium) when shares have been issued higher than their nominal value as per Article 154 of Qatar Commercial Companies Law no. 5 of 2002.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the six months ended 30 June 2008
 (All amounts in thousands of Qatar Riyals unless otherwise stated)

14. EARNINGS PER SHARE

During the year 2008, the Bank issued bonus shares for the year 2007 and also the bank made a rights issue during June 2008.

Accordingly, the previously reported earnings per share as at 30 June 2007 have been restated for the effects of these transactions.

	30-Jun-08	30-Jun-07
	Reviewed	Reviewed
Net profit for the period (QR000)	1,039,140	625,087
Weighted average number of shares	182,875	182,618
Earnings per share (QR)	5.68	3.42

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

Qualifying shares at the beginning of the year	140,158	140,158
Effect of bonus shares issue	42,047	42,047
Effect of rights issue	670	413
	<u>182,875</u>	<u>182,618</u>

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15. TRANSACTIONS WITH RELATED PARTIES

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 period-end were as follows:-

	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
Board members			
- Loans, advances and financing activities (a)	807,424	344,689	509,502
- Deposits	378,676	341,634	316,306
- Contingent liabilities, guarantees and other commitments	38,177	30,835	47,126
- Interest income earned from facilities granted to board members	21,615	16,077	26,006
- Other fees income earned from transactions with board members	4,551	1,077	1,433
- Interest paid to deposits accounts of board members	22,417	15,607	22,589
- Fixed remuneration and meeting attendance fees paid to board members	1,062	1,022	1,914
Parent/Subsidiaries companies			
- Due from Banks/ customers' deposits (b)	31,789	30,044	29,439
Associate company			
- NBO's deposit with the Group	1,921	926	607
- The Group's deposit with NBO	81	80	195
- NBO's contingent liabilities to the Group :			
- Letter of Guarantee	623	1,351	1,670
- Foreign exchange bought	-	1,495	-
- Foreign exchange sold	-	1,477	-
- Interest rate swap (notional amount)	56,727	56,727	56,727
- Interest rate swap (fair value)	809	867	458
Senior management compensation			
- Fixed remuneration	12,590	8,017	18,179
- Discretionary remuneration	7,865	4,750	9,500
- Fringe benefits	3,359	1,724	4,173

Additional information

a) A significant portion of the loans and advances balances at 30 June 2008 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 and advances 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) Due from Banks and Customers' deposits between parent and subsidiary companies including any income/expenses on those balances have been eliminated on consolidation. □

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16. OFF-BALANCE SHEET ITEMS

	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
a) Deferred or contingent liabilities			
Acceptance	2,777,132	1,364,284	3,113,752
Guarantees	13,917,716	11,119,296	13,109,009
Letter of credit	5,913,958	4,271,766	3,975,836
Un-utilised credit facilities granted to customers	<u>4,756,628</u>	<u>2,813,741</u>	<u>2,890,846</u>
	<u>27,365,434</u>	<u>19,569,087</u>	<u>23,089,443</u>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives	2,638,173	3,419,036	3,323,312
Guaranteed investment funds	2,111	3,738	2,373
Portfolios and investments managed for others :			
Conventional Banking - Portfolio management	58,240	58,240	58,240
Islamic Banking - Commodity murabaha placements for customers	-	137,850	38,000
Capital commitments in respect of property and equipment	71,689	183,802	153,552

17. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS

	30-Jun-08 Reviewed	30-Jun-07 Reviewed	31-Dec-07 Audited
Cash and balances with Central Bank*	1,780,326	821,559	1,425,370
Due from banks and financial institutions maturing in 3 months	<u>2,360,092</u>	<u>1,073,607</u>	<u>3,261,902</u>
	<u>4,140,418</u>	<u>1,895,166</u>	<u>4,687,272</u>

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

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18. DISPOSAL GROUP HELD FOR SALE

In April 2008, the Group announced the sale of Diners Club Services Bahrain which holds the Bahrain franchise, to Bank Muscat International. Diners Club Services Bahrain is included under the business segment of Subsidiaries (Orient1).

The disposal of Diners Club Services Bahrain is due to be completed on or before 31 August 2008 and as at 30 June 2008 the conditions to complete the disposal were in progress. At 30 June 2008, Diners Club Services Bahrain was classified as a disposal group held for sale with total assets of QR 17.1 million and total liabilities of QR 12.9 million.

19. EVENTS AFTER BALANCE SHEET DATE

On 3 July 2008, the Bank completed the remaining exercise of raising share capital as follows (note 12):

- (i) An issue of 18,435,295 shares represented by 92,176,475 Global Depository Receipts (GDRs) to international institutional investors, at a price of QR 136.50 per share.
- (ii) A private placement of 900,000 shares to Qatari investors at a price of QR 136.50 per share.