



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

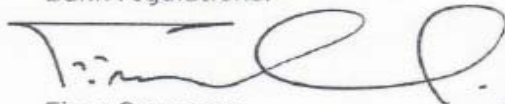
We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank of Qatar (Q.S.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 September 2008, comprising of the interim condensed consolidated balance sheet as at 30 September 2008 and the related interim condensed consolidated statements of income, changes in shareholders' equity and cash flows for the nine-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 September 2007 were reviewed and the consolidated financial statements as of 31 December 2007 were audited by another auditor, whose reports dated 17 October 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 Ooussous  
Of Ernst & Young  
Auditor's Registration No: 236



Date: 14 October 2008  
Doha

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

**Interim condensed consolidated balance sheet as at 30 September 2008**

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

		30-Sep-08 Reviewed	30-Sep-07 Reviewed	31-Dec-07 Audited
<b>ASSETS</b>				
	Notes			
Cash and balances with Central Bank		2,593,879	1,498,042	2,248,858
Due from banks and financial institutions		12,568,731	8,630,552	9,019,483
Loans, advances and financing activities for customers	4	32,111,968	23,441,719	25,021,487
Investment securities	5	5,275,180	4,675,747	4,664,672
Investment in associates	6	3,652,522	1,354,336	3,329,900
Property and equipment	7	846,654	682,248	721,393
Other assets		732,408	497,707	391,486
<b>Total assets</b>		<b><u>57,781,342</u></b>	<b><u>40,780,351</u></b>	<b><u>45,397,279</u></b>
<b>LIABILITIES</b>				
Due to banks and financial institutions	8	6,992,169	3,842,723	4,907,743
Customers' deposits		27,241,149	24,132,829	24,656,692
Borrowing under repurchase agreement		1,953,817	688,847	-
Other borrowed funds	9	7,629,361	4,711,962	7,623,105
Other liabilities		1,052,559	717,293	842,275
		<b><u>44,869,055</u></b>	<b><u>34,093,654</u></b>	<b><u>38,029,815</u></b>
Unrestricted investment accounts	10	2,700,681	964,129	1,139,647
<b>Total liabilities and unrestricted investment accounts</b>		<b><u>47,569,736</u></b>	<b><u>35,057,783</u></b>	<b><u>39,169,462</u></b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		2,062,053	1,401,579	1,401,579
Legal reserve		5,924,286	2,915,499	2,915,602
General reserve		26,500	26,500	26,500
Fair value reserve		(70,048)	64,574	188,426
Risk reserves		613,800	244,950	346,300
Other reserves		273,267	123,066	171,903
Proposed dividend		-	-	560,632
Proposed bonus shares		-	-	420,474
Retained earnings		1,381,748	946,400	196,401
<b>Total shareholders' equity</b>		<b><u>10,211,606</u></b>	<b><u>5,722,568</u></b>	<b><u>6,227,817</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>57,781,342</u></b>	<b><u>40,780,351</u></b>	<b><u>45,397,279</u></b>

The financial statements have been approved by the board of directors and signed on their behalf by the following on 14 October 2008.



**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 nine months ended 30 September 2008

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

	Three months ended		Nine months ended	
	30-Sep-08 Reviewed	30-Sep-07 Reviewed	30-Sep-08 Reviewed	30-Sep-07 Reviewed
Interest income	687,985	613,691	1,920,808	1,599,614
Interest expense	(323,829)	(390,175)	(1,039,432)	(963,452)
Net interest income	<u>364,156</u>	<u>223,516</u>	<u>881,376</u>	<u>636,162</u>
Income from Islamic financing and investment activities	50,626	23,152	123,581	54,402
Unrestricted investment account holder share of profit	(29,090)	(6,000)	(55,303)	(20,425)
Net income from Islamic financing and investment activities	<u>21,536</u>	<u>17,152</u>	<u>68,278</u>	<u>33,977</u>
Fee and commission income	289,967	187,407	797,584	552,143
Fee and commission expense	(24,261)	(17,453)	(70,594)	(47,287)
Net fee and commission income	<u>265,706</u>	<u>169,954</u>	<u>726,990</u>	<u>504,856</u>
Dividend on shares and investment funds	3,500	1,453	36,261	37,441
Profits from foreign currency transactions	39,505	24,068	102,974	58,722
Profits from investments	74,629	73,847	276,436	130,133
Other operating income	15,194	4,418	49,109	12,597
	<u>132,828</u>	<u>103,786</u>	<u>464,780</u>	<u>238,893</u>
<b>Operating income</b>	<u><b>784,226</b></u>	<u><b>514,408</b></u>	<u><b>2,141,424</b></u>	<u><b>1,413,888</b></u>
General and administrative expenses	(151,494)	(101,919)	(446,925)	(316,724)
Depreciation	(19,684)	(14,211)	(57,391)	(41,254)
Impairment losses on loans and advances to financial institutions, net	-	75	2,466	2,240
Impairment losses on loans and advances to customers, net	(11,607)	(10,632)	(29,110)	(39,558)
Impairment losses on investments securities	(132,197)	(27,209)	(203,172)	(83,229)
Impairment losses on other assets	-	(5,200)	-	(10,700)
Total operating expenses and impairment losses	<u>(314,982)</u>	<u>(159,096)</u>	<u>(734,132)</u>	<u>(489,225)</u>
<b>Profit before share of profit of associate</b>	<u><b>469,244</b></u>	<u><b>355,312</b></u>	<u><b>1,407,292</b></u>	<u><b>924,663</b></u>
Share of profit of associates	53,827	28,919	154,919	84,655
<b>Net profit for the period</b>	<u><b>523,071</b></u>	<u><b>384,231</b></u>	<u><b>1,562,211</b></u>	<u><b>1,009,318</b></u>
- Basic/diluted earnings per share (note 14)	2.75	2.11	8.21	5.54

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 shareholders' equity for the nine months ended 30 September 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
<b>Balance at 1 January 2007</b>	1,401,579	2,915,499	26,500	1,624	176,200	84,549	1,025,455	5,631,406
Risk reserve as per QCB regulation	-	-	-	-	68,750	-	(68,750)	-
Net movement in fair value reserve	-	-	-	32,257	-	-	-	32,257
Share of changes recognised directly in Associates' equity	-	-	-	30,661	-	-	-	30,661
Share of profit of associate transferred to other reserves	-	-	-	-	-	84,655	(84,655)	-
Dividends received from associates for 2006 transferred to retained earnings	-	-	-	-	-	(46,138)	46,138	-
Adjustment for exchange rate fluctuations	-	-	-	32	-	-	-	32
Total income and expense for the period recognised directly in equity	-	-	-	62,950	68,750	38,517	(107,267)	62,950
Net profit for the nine months ended 30 September 2007	-	-	-	-	-	-	1,009,318	1,009,318
Total income and expense for the period	-	-	-	62,950	68,750	38,517	902,051	1,072,268
Dividends paid for the year 2006	-	-	-	-	-	-	(981,106)	(981,106)
<b>Balance at 30 September 2007</b>	1,401,579	2,915,499	26,500	64,574	244,950	123,066	946,400	5,722,568
<b>Balance at 1 January 2008</b>	1,401,579	2,915,602	26,500	188,426	346,300	171,903	1,177,507	6,227,817
Risk reserve as per QCB regulation	-	-	-	-	267,500	-	(267,500)	-
Net movement in fair value reserve	-	-	-	(222,632)	-	-	-	(222,632)
Share of changes recognised directly in Associates' equity	-	-	-	(35,842)	-	-	-	(35,842)
Share of profit of associates transferred to other reserves	-	-	-	-	-	154,919	(154,919)	-
Dividends received from associates for 2007 transferred to retained earnings	-	-	-	-	-	(53,555)	53,555	-
Contribution for social responsibilities	-	-	-	-	-	-	(8,000)	(8,000)
Total income and expense for the period recognised directly in equity	-	-	-	(258,474)	267,500	101,364	(376,864)	(266,474)
Net profit for the nine months ended 30 September 2008	-	-	-	-	-	-	1,562,211	1,562,211
Total income and expense for the period	-	-	-	(258,474)	267,500	101,364	1,185,347	1,295,737
Increase in share capital (note 12)	240,000	-	-	-	-	-	-	240,000
Increase in legal reserve (note 12 and 13)	-	3,008,684	-	-	-	-	-	3,008,684
Dividends paid for the year 2007	-	-	-	-	-	-	(560,632)	(560,632)
Distribution of bonus shares for the year 2007	420,474	-	-	-	-	-	(420,474)	-
<b>Balance at 30 September 2008</b>	2,062,053	5,924,286	26,500	(70,048)	613,800	273,267	1,381,748	10,211,606

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 nine months ended 30 September 2008**

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

	<b>Nine months ended</b>		<b>Year ended</b>
	<b>30-Sep-08</b>	30-Sep-07	31-Dec-07
	<b>Reviewed</b>	Reviewed	Audited
<b>Cash flows from operating activities</b>			
Net profit for the period/year	1,562,211	1,009,318	1,390,715
<b>Adjustments of profit with cash flows from operating activities</b>			
Depreciation and amortization	63,647	45,248	59,105
Impairment losses on investment securities	203,172	83,229	85,904
Impairment losses on other assets	-	10,700	11,034
Share of profit of associates	(154,919)	(84,655)	(133,492)
Profit from investments	(276,436)	(130,133)	(205,772)
<b>Profit before changes in operating assets and liabilities</b>	<u>1,397,675</u>	<u>933,707</u>	<u>1,207,494</u>
<b>Net (increase) decrease in operating assets</b>			
Due from banks and financial institutions	(364,314)	(419,737)	(672,605)
Loans, advances and financing activities to customers	(7,090,481)	(6,081,971)	(7,661,739)
Other assets	(342,422)	(175,487)	(69,266)
<b>Net increase (decrease) in operating liabilities</b>			
Due to banks and financial institutions	1,014,677	(236,600)	(314,000)
Customers deposits	4,145,491	7,888,594	8,587,457
Other liabilities	202,284	29,336	154,836
<b>Net cash (used in ) from operating activities</b>	<u>(1,037,090)</u>	<u>1,937,842</u>	<u>1,232,177</u>
<b>Cash flows from Investing activities</b>			
Purchase of investments	(1,884,386)	(1,431,802)	(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	1,117,992	1,167,891	1,738,862
Purchase of property and equipment	(182,886)	(165,690)	(216,073)
<b>Net cash used in investing activities</b>	<u>(1,151,554)</u>	<u>(383,463)</u>	<u>(2,175,935)</u>
<b>Cash flows from Financing activities</b>			
Proceeds from other borrowed funds	-	2,355,880	5,264,404
Repayment of other borrowed funds	-	(1,783,600)	(1,783,600)
Net proceeds from issue of shares (note 12 and 13)	3,248,684	-	-
Dividends paid	(560,632)	(981,106)	(981,106)
<b>Net cash from (used in) financing activities</b>	<u>2,688,052</u>	<u>(408,826)</u>	<u>2,499,698</u>
Net increase (decrease) in cash and cash equivalents during the period/year	499,408	1,145,553	1,555,940
Effects of foreign exchange fluctuation	-	14	54
Cash and cash equivalents at beginning of period/year	4,687,272	3,131,278	3,131,278
<b>Cash and cash equivalents at end of period/year (note 17)</b>	<u><b>5,186,680</b></u>	<u>4,276,845</u>	<u>4,687,272</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 nine months ended 30 September 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 certain Middle East countries.

## **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the nine months ended 30 September 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 nine months ended 30 September 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 swaps 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.
- Islamic Banking (Alsaifa) – 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 certain Middle East markets.
- Investment in associates – includes the Group’s strategic acquisitions in National Bank of Oman (NBO), United Arab Bank (UAB) in UAE and Asteco WLL in the State of Qatar, 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 nine months ended 30 September 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 summarises performance of the business segments.

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

	Conventional Banking	Islamic Banking	Subsidiary (Orient 1)	Investment in associates	<b>Total</b>
Interest/profit income	1,918,361	123,581	2,447	-	2,044,389
Interest/profit expense	(1,039,404)	(55,303)	(28)	-	(1,094,735)
Net interest/profit income	878,957	68,278	2,419	-	949,654
Non interest income	1,154,753	23,698	13,319	-	1,191,770
Operating income	2,033,710	91,976	15,738	-	2,141,424
Operating expenses	(471,913)	(23,476)	(8,927)	-	(504,316)
Impairment losses on loans and advances, net	(25,439)	(1,484)	279	-	(26,644)
Impairment losses on investment securities	(203,172)	-	-	-	(203,172)
Profit before share of profit of associates	1,333,186	67,016	7,090	-	1,407,292
Share of profit of associates	-	-	-	154,919	154,919
<b>Net Profit for the period</b>	<b>1,333,186</b>	<b>67,016</b>	<b>7,090</b>	<b>154,919</b>	<b>1,562,211</b>

**Other Information**

Assets	50,292,848	3,758,284	77,688	3,652,522	57,781,342
Liabilities and unrestricted investment accounts	44,124,968	3,441,269	3,499	-	47,569,736

**For the nine months ended 30 September 2007**

Interest/profit income	1,596,352	54,402	3,262	-	1,654,016
Interest/profit expense	(963,387)	(20,425)	(65)	-	(983,877)
Net interest/profit income	632,965	33,977	3,197	-	670,139
Non interest income	730,203	9,617	3,929	-	743,749
Operating income	1,363,168	43,594	7,126	-	1,413,888
Operating expenses	(331,861)	(18,181)	(7,936)	-	(357,978)
Impairment losses on loans and advances, net	(46,492)	(1,081)	(445)	-	(48,018)
Impairment losses on investment securities	(83,229)	-	-	-	(83,229)
Profit before share of profit of associate	901,586	24,332	(1,255)	-	924,663
Share of profit of associate	-	-	-	84,655	84,655
<b>Net Profit for the period</b>	<b>901,586</b>	<b>24,332</b>	<b>(1,255)</b>	<b>84,655</b>	<b>1,009,318</b>

**Other Information**

Assets	37,960,361	1,395,747	69,907	1,354,336	40,780,351
Liabilities and unrestricted investment accounts	33,933,301	1,121,415	3,067	-	35,057,783

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 nine months ended 30 September 2008**  
(All amounts in thousands of Qatar Riyals unless otherwise stated)

**4. LOANS, ADVANCES AND FINANCING ACTIVITIES FOR CUSTOMERS**

	<b>30-Sep-08</b>	30-Sep-07	31-Dec-07
	<b>Reviewed</b>	Reviewed	Audited
Loans	27,768,986	20,740,439	21,580,047
Overdrafts	2,014,315	1,708,477	1,989,081
Bills discounted	213,032	422,507	733,828
Islamic financing	2,362,611	756,088	920,806
<b>Total loans, advances and financing activities</b>	<u>32,358,944</u>	<u>23,627,511</u>	<u>25,223,762</u>
- Allowance for impairment	(246,976)	(185,792)	(202,275)
<b>Net</b>	<u><b>32,111,968</b></u>	<u><b>23,441,719</b></u>	<u><b>25,021,487</b></u>

The total non-performing loans and advances at 30 September 2008 amounted to QR 250 million, representing 0.77% of the total loans and advances (30 September 2007: QR 193 million representing 0.83% of the total loans, advances and financing activities, 31 December 2007: QR 209 million representing 0.84% of the total loans, advances and financing activities).

Interest in suspense of QR 85.764 million (30 September 2007: QR 60.033 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**

	<b>30-Sep-08</b>	30-Sep-07	31-Dec-07
	<b>Reviewed</b>	Reviewed	Audited
Investments securities comprise the following			
a) Available-for-sale investments	2,907,506	2,177,195	2,191,314
b) Investments held-to-maturity	2,366,151	2,498,552	2,473,358
c) Investments held-for-trading	1,523	-	-
<b>Balance at end of the period/year</b>	<u><b>5,275,180</b></u>	<u><b>4,675,747</b></u>	<u><b>4,664,672</b></u>

The carrying value of investments securities pledged under Repo agreements amounted to QR 2,039.0 million ( 31 December 2007: nil).

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

### **Notes to the interim condensed consolidated financial statements**

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

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

## **6. INVESTMENT IN ASSOCIATES**

The Group's investment in associates are as follows:

<b>Associate entity</b>	<b>30-Sep-08 Reviewed</b>	<b>Carrying value</b>	
		<b>30-Sep-07 Reviewed</b>	<b>31-Dec-07 Audited</b>
a) National Bank of Oman SAOG	1,464,589	1,354,336	1,429,093
b) United Arab Bank PJSC	2,186,433	-	1,900,807
c) Asteco WLL	1,500	-	-
<b>Total</b>	<b><u>3,652,522</u></b>	<b><u>1,354,336</u></b>	<b><u>3,329,900</u></b>

a) The Group holds an interest of 34.85% (30 September 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 September 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 September 2007: nil) in Asteco WLL, a company incorporated in the State of Qatar.

## **7. PROPERTY AND EQUIPMENT**

### **Acquisitions and disposals**

During the nine months ended 30 September 2008, the Group acquired assets with a cost of QR 182.8 million (30 September 2007: QR 165.6 million, 31 December 2007: QR 216.0 million).

Assets with a net book value were disposed by the Group during the nine months ended 30 September 2008 QR 243 thousand (30 September 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 nine months ended 30 September 2008**

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

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

	<b>30-Sep-08</b>	30-Sep-07	31-Dec-07
	<b>Reviewed</b>	Reviewed	Audited
Current accounts	220,564	63,359	57,191
Placements	6,771,605	3,779,364	4,850,552
<b>Balance at end of the period/year</b>	<b>6,992,169</b>	<b>3,842,723</b>	<b>4,907,743</b>

**9. OTHER BORROWED FUNDS**

	<b>30-Sep-08</b>	30-Sep-07	31-Dec-07
	<b>Reviewed</b>	Reviewed	Audited
Syndicated loans	5,816,302	2,902,076	5,812,444
EMTN (Bonds)	1,813,059	1,809,886	1,810,661
<b>Total</b>	<b>7,629,361</b>	<b>4,711,962</b>	<b>7,623,105</b>

Movements in other borrowed funds is analysed as follows:

	<b>30-Sep-08</b>	30-Sep-07	31-Dec-07
	<b>Reviewed</b>	Reviewed	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	6,256	3,994	6,613
<b>Balance at end of the period/year</b>	<b>7,629,361</b>	<b>4,711,962</b>	<b>7,623,105</b>

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

### Notes to the interim condensed consolidated financial statements

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

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

#### 10. UNRESTRICTED INVESTMENT ACCOUNTS

	<b>30-Sep-08</b> <b>Reviewed</b>	30-Sep-07 Reviewed	31-Dec-07 Audited
Saving deposits	310,901	182,386	111,170
Investment deposits	<u>2,334,477</u>	<u>761,318</u>	<u>997,852</u>
	2,645,378	943,704	1,109,022
Unrestricted investment account holders share of profit	<u>55,303</u>	<u>20,425</u>	<u>30,625</u>
	<b><u>2,700,681</u></b>	<b><u>964,129</u></b>	<b><u>1,139,647</u></b>

#### 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

The bank concluded a capital raising transaction, and the listing of its Global Depositary Receipts (GDRs) on the London Stock Exchange on 3 July 2008. The capital raising was accomplished as a three part process via a Rights Offering, GDR Offering and a Private Placement of new ordinary shares. 4,664,705 shares were issued through rights offering and 900,000 shares were issued through private placement. In addition a total of 92,176,475 GDRs were issued and each GDR represents ownership of one fifth of bank's ordinary share. The successful issue of a total of 24 million ordinary shares from these offerings at a price of QAR 136.5 per share, has raised QAR 3.28 billion. Upon completion of this capital raising transaction, the total issued, subscribed and paid up capital of the Bank increased from QAR 1.82 billion to QAR 2.06 billion.

#### 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.)

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#### For the nine months ended 30 September 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 concluded a capital raising transaction (note 12). Accordingly, the previously reported earnings per share as at 30 September 2007 have been restated for the effects of the bonus shares issued during the year.

	<b>30-Sep-08</b>	30-Sep-07
	<b>Reviewed</b>	Reviewed
Net profit for the period (QR000)	1,562,211	1,009,318
Weighted average number of shares	190,239	182,205
<b>Earnings per share (QR)</b>	<b>8.21</b>	<b>5.54</b>

#### 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
Effects of rights issue, GDR and Private Placement	8,034	-
	<u>190,239</u>	<u>182,205</u>

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

### Notes to the interim condensed consolidated financial statements

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

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

#### 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-Sep-08 Reviewed	30-Sep-07 Reviewed	31-Dec-07 Audited
<b>Board members</b>			
- Loans, advances and financing activities (a)	995,913	354,741	509,502
- Deposits	321,611	374,585	316,306
- Contingent liabilities, guarantees and other commitments	37,942	37,203	47,126
- Interest income earned from facilities granted to board members	33,622	24,426	26,006
- Other fees income earned from transactions with board members	5,798	2,063	1,433
- Interest paid to deposits accounts of board members	25,865	21,685	22,589
- Fixed remuneration and meeting attendance fees paid to board members	1,443	1,403	1,914
<b>Parent/Subsidiaries companies</b>			
- Due from Banks/ customers' deposits (b)	55,015	29,450	29,439
<b>Associate company</b>			
- NBO's deposit with the Group	1,675	271	607
- The Group's deposit with NBO	17	569	195
- NBO's contingent liabilities to the Group :			
- Letter of Guarantee	-	1,670	1,670
- Foreign exchange bought	-	4,132	-
- Foreign exchange sold	-	4,122	-
- Interest rate swap (notional amount)	56,727	56,727	56,727
- Interest rate swap (fair value)	433	221	458
<b>Senior management compensation</b>			
- Fixed remuneration	20,121	12,071	18,179
- Discretionary remuneration	11,797	7,125	9,500
- Fringe benefits	5,274	2,526	4,173

#### Additional information

a) A significant portion of the loans and advances balances at 30 September 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.

**The Commercial Bank of Qatar (Q.S.C.)**  
**Notes to the interim condensed consolidated financial statements**  
**For the nine months ended 30 September 2008**  
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**16. OFF-BALANCE SHEET ITEMS**

	<b>30-Sep-08 Reviewed</b>	30-Sep-07 Reviewed	31-Dec-07 Audited
a) Deferred or contingent liabilities			
Acceptance	2,174,076	2,802,325	3,113,752
Guarantees	14,271,661	11,688,553	13,109,009
Letter of credit	6,584,022	3,745,130	3,975,836
Un-utilised credit facilities granted to customers	<u>5,577,747</u>	<u>2,867,583</u>	<u>2,890,846</u>
	<b><u>28,607,506</u></b>	<b><u>21,103,591</u></b>	<b><u>23,089,443</u></b>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives	6,380,116	3,943,899	3,323,312
Guaranteed investment funds	1,383	2,446	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	-	48,450	38,000
Capital commitments in respect of property and equipment	85,710	148,582	153,552

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

	<b>30-Sep-08 Reviewed</b>	30-Sep-07 Reviewed	31-Dec-07 Audited
Cash and balances with Central Bank*	1,127,342	822,680	1,425,370
Due from banks and financial institutions maturing in 3 months	<u>4,059,338</u>	<u>3,454,165</u>	<u>3,261,902</u>
	<b><u>5,186,680</u></b>	<b><u>4,276,845</u></b>	<b><u>4,687,272</u></b>

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