



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

**Interim condensed consolidated financial statements**

**30 September 2012**

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

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank of Qatar (Q.S.C.) (the "Bank") and its subsidiaries (the "Group") as at 30 September 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2012, 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.

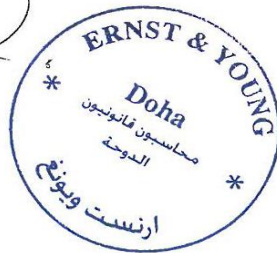
### **Scope of Review**

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: 22 October 2012  
Doha

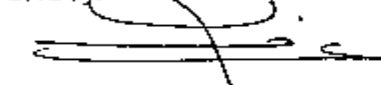
**The Commercial Bank of Qatar (Q.S.C.)**

**Interim consolidated statement of financial position as at 30 September 2012**

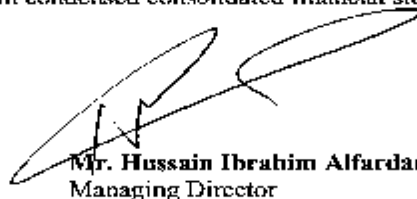
(All amounts in thousands of Qatar Riyals unless otherwise stated)

		<b>30-Sep-12</b>	<b>30-Sep-11</b>	<b>31-Dec-11</b>
		<b>Reviewed</b>	<b>Reviewed</b>	<b>Audited</b>
<b>ASSETS</b>				
	<b>Notes</b>			
Cash and balances with Central Bank		4,107,374	2,889,169	2,576,494
Due from banks and financial institutions		5,113,000	7,073,024	9,271,920
Loans, advances and financing activities for customers	4	48,438,709	41,472,230	41,613,804
Financial investments	5	11,587,998	12,522,697	11,732,639
Investments in associates	6	3,983,619	3,871,616	3,926,480
Property and equipment	7	1,122,068	1,057,877	1,070,328
Other assets		1,999,871	1,539,661	1,348,400
<b>Total assets</b>		<b><u>76,352,639</u></b>	<b><u>70,426,274</u></b>	<b><u>71,540,065</u></b>
<b>LIABILITIES</b>				
Due to banks and financial institutions	8	4,682,101	5,439,944	5,837,887
Customers' deposits and unrestricted investment accounts		41,700,218	36,899,086	37,988,683
Borrowing under repurchase agreements		1,748,055	1,150,810	1,150,810
Debt issued and other borrowed funds	9	12,164,194	11,475,954	11,054,086
Other liabilities		1,556,789	1,555,172	1,278,303
<b>Total liabilities</b>		<b><u>61,851,357</u></b>	<b><u>56,520,966</u></b>	<b><u>57,309,769</u></b>
<b>EQUITY</b>				
Share capital	10	2,474,464	2,474,464	2,474,464
Legal reserve	11	8,740,540	8,740,540	8,740,540
General reserve		26,500	26,500	26,500
Cumulative changes in fair value		122,110	(64,376)	(68,548)
Risk reserve		913,300	805,400	805,600
Other reserves		605,521	501,765	556,456
Proposed dividend	12	-	-	1,484,678
Retained earnings		1,618,847	1,421,015	210,606
<b>Total equity</b>		<b><u>14,501,282</u></b>	<b><u>13,905,308</u></b>	<b><u>14,230,296</u></b>
<b>Total liabilities and equity</b>		<b><u>76,352,639</u></b>	<b><u>70,426,274</u></b>	<b><u>71,540,065</u></b>

On behalf of the Board of Directors, the interim condensed consolidated financial statements have been approved on 22nd October 2012 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 16 form part of these interim condensed consolidated financial statements.

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

**Interim consolidated statement of comprehensive income for the nine months ended 30 September 2012**

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

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30-Sep-12 Reviewed</b>	30-Sep-11 Reviewed	<b>30-Sep-12 Reviewed</b>	30-Sep-11 Reviewed
Interest income from Conventional and Profit from Islamic Operations	740,339	737,846	2,175,181	2,137,126
Interest expense from Conventional and Share of Profit on Islamic Operations	(278,210)	(230,754)	(771,563)	(708,052)
<b>Net interest income and Profit from Islamic Operations</b>	<b>462,129</b>	507,092	<b>1,403,618</b>	1,429,074
Fee and commission income	172,198	201,447	540,410	601,721
Fee and commission expense	(38,301)	(41,379)	(126,563)	(121,616)
<b>Net fee and commission income</b>	<b>133,897</b>	160,068	<b>413,847</b>	480,105
Dividend income	7,521	8,265	25,258	23,044
Net gains from dealing in foreign currencies	42,691	36,259	115,882	97,045
Profit from financial investments	120,371	19,522	187,123	84,911
Other operating income	12,214	9,114	39,005	32,959
	<b>182,797</b>	73,160	<b>367,268</b>	237,959
<b>Net operating income</b>	<b>778,823</b>	740,320	<b>2,184,733</b>	2,147,138
General and administrative expenses	(221,434)	(175,543)	(617,528)	(538,302)
Depreciation	(32,682)	(31,089)	(91,447)	(83,631)
Impairment losses on loans and advances to customers, net	(34,538)	(34,948)	(66,373)	(122,922)
Impairment losses on financial investments	(8,154)	(6,564)	(34,842)	(43,301)
Total operating expenses and impairment losses	<b>(296,808)</b>	(248,144)	<b>(810,190)</b>	(788,156)
<b>Profit before share of results of associates</b>	<b>482,015</b>	492,176	<b>1,374,543</b>	1,358,982
Share of results of associates	66,079	59,951	190,463	148,730
<b>Net profit for the period</b>	<b>548,094</b>	552,127	<b>1,565,006</b>	1,507,712
<b>Other comprehensive income</b>				
Share of other comprehensive (loss) income of associates	(1,601)	(200)	8,262	(2,336)
Net movement in fair value of available for sale investments	44,474	(118,737)	182,396	(118,688)
<b>Other comprehensive income (loss) for the period</b>	<b>42,873</b>	(118,937)	<b>190,658</b>	(121,024)
<b>Total comprehensive income for the period</b>	<b>590,967</b>	433,190	<b>1,755,664</b>	1,386,688
- Basic/diluted earnings per share (QAR) (note 13)	<b>2.22</b>	2.23	<b>6.32</b>	6.19

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

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

**Interim consolidated statement of changes in equity for the nine months ended 30 September 2012**

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

	Share Capital	Legal Reserve	General Reserve	Cumulative Changes in Fair Value	Risk Reserve	Other Reserves	Retained Earnings		Total
							Proposed Dividend	Other	
Balance at 1 January 2011	2,268,258	7,332,158	26,500	56,648	648,000	469,706	1,587,781	110,806	12,499,857
Profit for the period	-	-	-	-	-	-	-	1,507,712	1,507,712
Other comprehensive income for the period	-	-	-	(121,024)	-	-	-	-	(121,024)
Total comprehensive income for the period	-	-	-	(121,024)	-	-	-	1,507,712	1,386,688
Dividend from associates for 2010 transferred to retained earnings	-	-	-	-	-	(116,671)	-	116,671	-
Social and Sports Fund Contribution	-	-	-	-	-	-	-	(8,044)	(8,044)
Share of results of associates	-	-	-	-	-	148,730	-	(148,730)	-
Risk reserve as per QCB regulation	-	-	-	-	157,400	-	-	(157,400)	-
Dividends for the year 2010 (note 12)	-	-	-	-	-	-	(1,587,781)	-	(1,587,781)
Increase in share capital (note 10)	206,206	-	-	-	-	-	-	-	206,206
Increase in legal reserve (notes 10 and 11)	-	1,408,382	-	-	-	-	-	-	1,408,382
Balance at 30 September 2011	2,474,464	8,740,540	26,500	(64,376)	805,400	501,765	-	1,421,015	13,905,308
<b>Balance at 1 January 2012</b>	<b>2,474,464</b>	<b>8,740,540</b>	<b>26,500</b>	<b>(68,548)</b>	<b>805,600</b>	<b>556,456</b>	<b>1,484,678</b>	<b>210,606</b>	<b>14,230,296</b>
Profit for the period	-	-	-	-	-	-	-	1,565,006	1,565,006
Other comprehensive income for the period	-	-	-	190,658	-	-	-	-	190,658
<b>Total comprehensive income for the period</b>	-	-	-	190,658	-	-	-	1,565,006	1,755,664
Dividend from associates for 2011 transferred to retained earnings	-	-	-	-	-	(141,398)	-	141,398	-
Share of results of associates	-	-	-	-	-	190,463	-	(190,463)	-
Risk reserve as per QCB regulation	-	-	-	-	107,700	-	-	(107,700)	-
Dividends for the year 2011 (note 12)	-	-	-	-	-	-	(1,484,678)	-	(1,484,678)
<b>Balance at 30 September 2012</b>	<b>2,474,464</b>	<b>8,740,540</b>	<b>26,500</b>	<b>122,110</b>	<b>913,300</b>	<b>605,521</b>	<b>-</b>	<b>1,618,847</b>	<b>14,501,282</b>

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

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

**Interim consolidated statement of cash flows for the nine months ended 30 September 2012**

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

	Nine months ended		Year ended
	30-Sep-12 Reviewed	30-Sep-11 Reviewed	31-Dec-11 Audited
<b>Cash flows from operating activities</b>			
Net profit for the period/year	1,565,006	1,507,712	1,883,971
<b>Adjustments for:</b>			
Depreciation	91,447	83,631	113,704
Amortisation of transaction costs	15,001	10,936	15,113
Impairment losses on loans and advances for customers, net	66,373	122,922	239,403
Impairment losses on financial investments	34,842	43,301	68,197
Profit from sale of property and equipment	-	(37)	(37)
Share of results of associates	(190,463)	(148,730)	(203,420)
Profit from financial investments	(187,123)	(84,911)	(136,307)
<b>Profit before changes in operating assets and liabilities</b>	<b>1,395,083</b>	<b>1,534,824</b>	<b>1,980,624</b>
<b>Net (increase) decrease in operating assets</b>			
Due from banks and financial institutions	(1,748,701)	(1,005,730)	(165,878)
Loans, advances and financing activities for customers	(6,891,278)	(8,028,486)	(8,286,541)
Other assets	(651,471)	(459,134)	(267,873)
<b>Net increase (decrease) in operating liabilities</b>			
Customer deposits and unrestricted investment accounts	3,711,535	3,618,424	4,708,021
Other liabilities	325,585	302,700	(54,106)
Contribution to Social and Sports Activities Support Fund (Daam)	(47,099)	(40,882)	(40,882)
<b>Net cash used in operating activities</b>	<b>(3,906,346)</b>	<b>(4,078,284)</b>	<b>(2,126,635)</b>
<b>Cash flows from Investing activities</b>			
Purchase of financial investments	(4,877,004)	(4,548,725)	(4,795,399)
Investment in associates	-	(1,150)	(1,150)
Dividend received from associates	141,398	116,671	116,670
Proceeds from sale/maturity of financial investments	5,378,500	2,081,086	3,111,821
Purchase of property and equipment	(146,209)	(72,588)	(115,110)
Proceeds from sale of property and equipment	-	136	137
<b>Net cash from (used in) investing activities</b>	<b>496,685</b>	<b>(2,424,570)</b>	<b>(1,683,031)</b>
<b>Cash flows from Financing activities</b>			
Net movements in borrowing under repurchase agreements	597,245	243,525	243,525
Net proceeds from debt issued and other borrowed funds	3,442,139	361,772	1,816,714
Repayment of debt issued and other borrowed funds	(2,366,000)	-	(1,820,000)
Net proceeds from issue of shares and shareholder's advances	-	1,614,588	1,614,588
Dividends paid (note 12)	(1,484,678)	(1,587,781)	(1,587,781)
<b>Net cash from financing activities</b>	<b>188,706</b>	<b>632,104</b>	<b>267,046</b>
Net decrease in cash and cash equivalents during the period/year	(3,220,955)	(5,870,750)	(3,542,620)
Cash and cash equivalents at 1 January	3,827,719	7,370,339	7,370,339
Cash and cash equivalents at end of the period/year (note 16)	<b>606,764</b>	<b>1,499,589</b>	<b>3,827,719</b>
<b>Operational cash flows from interest and dividends:</b>			
Interest/profit paid	568,087	607,865	975,121
Interest/profit received	2,058,072	2,013,440	2,883,151
Dividends received	25,258	23,044	24,188

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

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

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

**1. CORPORATE INFORMATION**

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

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

**BASIS OF PREPARATION**

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

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

**SIGNIFICANT ACCOUNTING POLICIES**

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

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

*IFRS 7 Financial Instruments (Disclosures)*

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

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

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

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

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

Standards and amendments issued but not adopted:

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

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



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

### **3. SEGMENT INFORMATION**

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

Commercial Banking:

1. Corporate Banking provides an extensive range of conventional (non-Islamic) funded and non-funded credit facilities, demand and time deposit services, currency exchange facilities, interest rate swaps and other derivative trading services, loan syndication and structured financing services to corporate, commercial and multinational customers. Money market funds and proprietary investment portfolio are also managed by this business segment.
2. Retail Banking provides personal current, savings, time and investment account services, credit card and debit card services, consumer and vehicle loans, residential mortgage services and custodial services to retail and individual customers.

Subsidiaries:

- a) Orient 1 and Global Card Services L.L.C. provide credit card services in the Sultanate of Oman.
- b) Commercialbank Investment Services (S.P.C.) provides brokerage services in the State of Qatar.

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

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

Islamic Banking:

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

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

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

**3. SEGMENT INFORMATION – Continued**

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

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

**For the nine months ended 30 September 2012**

	Commercial			Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total			
Net interest/similar income	1,032,654	373,388	1,406,042	2,098	(4,522)	<b>1,403,618</b>
Other income	555,645	196,625	752,270	4,913	23,932	<b>781,115</b>
Segmental revenue	<u>1,588,299</u>	<u>570,013</u>	<u>2,158,312</u>	<u>7,011</u>	<u>19,410</u>	<b><u>2,184,733</u></b>
Impairment losses on loans and advances, net of recovery	(56,578)	(10,073)	(66,651)	278	-	<b>(66,373)</b>
Impairment losses on financial investments	(34,842)	-	(34,842)	-	-	<b>(34,842)</b>
Segmental profit (loss)			<b><u>1,383,391</u></b>	<b><u>(4,122)</u></b>	<b><u>(4,726)</u></b>	<b><u>1,374,543</u></b>
Share of results of associates						<b>190,463</b>
<b>Net profit for the period</b>						<b><u>1,565,006</u></b>
<b>Other information</b>						
Assets	58,499,890	11,634,677	70,134,567	256,547	1,977,906	<b>72,369,020</b>
Investments in associates						<b>3,983,619</b>
Liabilities	49,725,578	12,048,391	61,773,969	23,635	53,753	<b>61,851,357</b>
Contingent items	18,480,406	1,050,558	19,530,964	100,000	-	<b>19,630,964</b>

Intra-group transactions are eliminated from this segmental information (Assets: QAR 386 million, Liabilities: QAR 213 million)

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

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

**3. SEGMENT INFORMATION - Continued**

**For the nine months ended 30 September 2011**

	Commercial			Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total			
Net interest/similar income	1,140,097	290,107	1,430,204	1,398	(2,528)	1,429,074
Other income	466,890	219,550	686,440	3,315	28,309	718,064
Segmental revenue	<u>1,606,987</u>	<u>509,657</u>	<u>2,116,644</u>	<u>4,713</u>	<u>25,781</u>	<u>2,147,138</u>
Impairment losses on loans and advances, net of recovery	(94,705)	(28,542)	(123,247)	325	-	(122,922)
Impairment losses on financial investments	<u>(43,301)</u>	<u>-</u>	<u>(43,301)</u>	<u>-</u>	<u>-</u>	<u>(43,301)</u>
Segmental profit			<u>1,358,344</u>	<u>600</u>	<u>38</u>	<u>1,358,982</u>
Share of results of associates						148,730
Net profit for the period						<u>1,507,712</u>

**Other information**

Assets	55,817,855	8,874,068	64,691,923	239,783	1,622,952	66,554,658
Investments in associates	-	-	-	-	-	3,871,616
Liabilities	46,035,136	10,280,635	56,315,771	54,336	150,859	56,520,966
Contingent items	18,355,770	1,629,826	19,985,596	50,000	-	20,035,596

Intra-group transactions are eliminated from this segmental information (Assets: QAR 409 million, Liabilities: QAR 237 million)

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

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

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

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

Loans, advances and financing activities for customers comprises:

	<b>30-Sep-12</b>	30-Sep-11	31-Dec-11
	<b>Reviewed</b>	Reviewed	Audited
Loans, advances and financing activities	46,886,377	40,349,350	40,101,453
Overdrafts	1,837,888	2,245,795	1,946,848
Bills discounted	269,709	97,162	112,905
<b>Total loans, advances and financing activities</b>	<u>48,993,974</u>	<u>42,692,307</u>	<u>42,161,206</u>
- Allowance for impairment	(555,265)	(1,220,077)	(547,402)
<b>Net loans, advances and financing activities</b>	<u><b>48,438,709</b></u>	<u>41,472,230</u>	<u>41,613,804</u>

The total non-performing loans, advances and financing activities at 30 September 2012 amounted to QAR 440 million, representing 0.90% of the total loans, advances and financing activities on a 90 days basis for recognition of non-performing loans (30 September 2011: QAR 1,170 million representing 2.74% of the total loans, advances and financing activities; 31 December 2011: QAR 508 million representing 1.20% of the total loans, advances and financing activities).

Interest in suspense of QAR 89 million (30 September 2011: QAR 389 million; 31 December 2011: QAR 73 million) is, for the purpose of the Qatar Central Bank regulatory requirements, effectively included in the above impairment allowance amount.

**5. FINANCIAL INVESTMENTS**

	<b>30-Sep-12</b>	30-Sep-11	31-Dec-11
	<b>Reviewed</b>	Reviewed	Audited
Financial investments comprise the following :			
a) Available-for-sale investments	8,370,979	6,508,419	6,229,663
b) Investments held-to-maturity	3,217,019	6,014,278	5,502,976
<b>Balance at end of the period/year</b>	<u><b>11,587,998</b></u>	<u>12,522,697</u>	<u>11,732,639</u>

The carrying value of financial investments pledged under Repo agreements is QAR 1,954 million (30 September 2011: QAR 1,241 million; 31 December 2011: QAR 1,281 million)

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**6. INVESTMENTS IN ASSOCIATES**

The Group's investments in associates are as follows:

Associate entity	Country of incorporation	Carrying Value and % of interest held					
		30-Sep-12		30-Sep-11		31-Dec-11	
		Reviewed	%	Reviewed	%	Audited	%
a) National Bank of Oman SAOG	Oman	1,572,032	34.9%	1,519,036	34.9%	1,538,990	34.9%
b) United Arab Bank PJSC	UAE	2,397,812	40.0%	2,339,598	40.0%	2,374,737	40.0%
c) Asteco Qatar L.L.C.	Qatar	1,877	30.0%	2,323	30.0%	2,256	30.0%
d) Gekko L.L.C.	Qatar	-	50.0%	558	50.0%	-	50.0%
e) Massoun Insurance Services L.L.C.	Qatar	11,898	50.0%	10,101	50.0%	10,497	50.0%
<b>Balance at the end of the period/year</b>		<b>3,983,619</b>		<b>3,871,616</b>		<b>3,926,480</b>	

**7. PROPERTY AND EQUIPMENT**

**Acquisitions and disposals**

During the nine months ended 30 September 2012, the Group acquired assets with a cost of QAR 146 million (30 September 2011: QAR 73 million; year ended 31 December 2011: QAR 115 million).

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

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

	<b>30-Sep-12</b> <b>Reviewed</b>	30-Sep-11 Reviewed	31-Dec-11 Audited
Due to Central Banks	70,980	546,000	700,000
Current accounts	345,841	278,606	281,700
Placements	4,265,280	4,615,338	4,856,187
<b>Balance at end of the period/year</b>	<b>4,682,101</b>	<b>5,439,944</b>	<b>5,837,887</b>

**9. DEBT ISSUED AND OTHER BORROWED FUNDS**

	<b>30-Sep-12</b> <b>Reviewed</b>	30-Sep-11 Reviewed	31-Dec-11 Audited
EMTN Programme – Senior unsecured notes - note (a)	1,794,643	1,819,128	-
Syndicated loan - note (b)	-	2,365,180	2,365,698
Senior notes	3,621,235	3,613,101	3,615,093
Subordinated notes	2,155,160	2,152,225	2,152,938
CHF Fixed Rate Bonds	1,122,854	1,164,548	1,103,643
Bilateral loans	1,817,856	361,772	1,816,714
Club loan - note (c)	1,652,446	-	-
<b>Balance at end of the period/year</b>	<b>12,164,194</b>	<b>11,475,954</b>	<b>11,054,086</b>

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

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

(b) A Syndicated loan with a value of US\$ 650 million (or QAR 2,366 million) matured and was repaid on 28 February 2012.

(c) The Bank established a Club term loan facility on 6 February 2012 for US\$ 455 million (or QAR 1,656 million) with a group of international banks.

Debt issued and other borrowed funds due for repayment:

	<b>30-Sep-12</b> <b>Reviewed</b>	30-Sep-11 Reviewed	31-Dec-11 Audited
Up to 1 year	362,811	4,184,308	2,547,698
Between 1 and 3 years	6,728,726	361,772	5,249,807
Over 3 years	5,072,657	6,929,874	3,256,581
<b>Balance at end of the period/year</b>	<b>12,164,194</b>	<b>11,475,954</b>	<b>11,054,086</b>

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**10. SHARE CAPITAL**

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

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

**11. LEGAL RESERVE**

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

**12. PROPOSED DIVIDEND**

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

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**13. EARNINGS PER SHARE**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30-Sep-12</b>	30-Sep-11	<b>30-Sep-12</b>	30-Sep-11
	<b>Reviewed</b>	Reviewed	<b>Reviewed</b>	Reviewed
<b>Basic and diluted</b>				
Net profit for the period in thousand QAR	548,094	552,127	1,565,006	1,507,712
Weighted average number of shares in thousands	247,446	247,446	247,446	243,519
<b>Earnings per share (QAR)</b>	<b>2.22</b>	2.23	<b>6.32</b>	6.19

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

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30-Sep-12</b>	30-Sep-11	<b>30-Sep-12</b>	30-Sep-11
	<b>Reviewed</b>	Reviewed	<b>Reviewed</b>	Reviewed
Qualifying shares at the beginning of the period	247,446	226,826	247,446	226,826
Private placement	-	20,620	-	16,693
<b>Weighted average number of shares for the period</b>	<b>247,446</b>	247,446	<b>247,446</b>	243,519



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**14. RELATED PARTIES DISCLOSURES**

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

	<b>30-Sep-12</b>	30-Sep-11	31-Dec-11
	<b>Reviewed</b>	Reviewed	Audited
<b>Board members</b>			
- Loans, advances and financing activities (a)	2,611,339	2,449,263	2,516,789
- Deposits	368,835	200,798	183,640
- Contingent liabilities, guarantees and other commitments	31,341	33,681	23,356
- Interest income earned from facilities granted to board members	21,308	26,997	35,233
- Other fee income earned from transactions with board members	288	2,717	3,252
- Interest paid on deposits accounts of board members	7,084	12,553	15,671
- Fixed Remuneration and meeting attendance fees paid to board members	4,010	4,214	41,454
<b>Associated companies</b>			
- NBO's deposit with the Bank	139,026	54,798	675
- Bank's deposit with NBO	523	769	237,053
- NBO's contingent liabilities to the Bank:			
- Letter of Guarantee	11,121	10,417	11,192
- Letter of Credit	119	234	
- Un-utilized credit facilities	254,800	254,800	254,800
- Interest rate swap (notional amount)	-	14,182	14,182
- Interest rate swap (fair value)	-	496	488
- UAB's deposit with the Bank	19,152	166	183,369
- Bank's deposit with UAB	281,275	1,156	182,737
- UAB's contingent liabilities to the Bank:			
- Letter of Guarantee	28,274	31,588	29,281
- Letter of Credit	3,747	1,647	620
- Asteco's deposit with the Bank	4,525	7,133	6,148
- Gekko's deposit with the Bank	126	672	580
- Massoun Insurance Services' deposit with the Bank	19,255	19,387	19,855
- Interest income earned from Associates	628	458	550
- Interest expense incurred to Associates	323	796	836
<b>Senior management compensation</b>			
- Fixed remuneration	30,103	23,703	35,975
- Discretionary remuneration	16,485	9,648	12,864
- Fringe benefits	3,707	3,613	4,772
<b>Additional information</b>			
(a) Loans, advances and financing activities' balance at 30 September 2012 with the members of the Board and the companies in which they have significant influence are secured against tangible collateral or personal guarantees. Moreover, the loans, advances and financing activities are performing satisfactorily with all obligations honored as arranged. The pricing of any such transactions are primarily based on the banker customer relationship at the prevailing market rates.			

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**15. OFF-BALANCE SHEET ITEMS**

	<b>30-Sep-12</b>	30-Sep-11	31-Dec-11
	<b>Reviewed</b>	Reviewed	Audited
a) Contingent liabilities			
Acceptances	242,776	486,200	97,979
Guarantees	10,798,758	9,058,864	9,088,622
Letters of credit	3,129,937	4,740,560	5,217,592
Un-utilized credit facilities	5,459,493	5,749,972	5,859,107
<b>Balance at end of the period/year</b>	<b><u>19,630,964</u></b>	<b><u>20,035,596</u></b>	<b><u>20,263,300</u></b>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives at notional value	7,607,693	5,786,618	6,143,561
Capital commitments	473,000	478,000	479,243

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

	<b>30-Sep-12</b>	30-Sep-11	31-Dec-11
	<b>Reviewed</b>	Reviewed	Audited
Cash and balances with Central Bank *	1,880,491	1,164,339	827,160
Due from banks and financial institutions up to 90 days	3,408,374	5,775,194	8,838,446
Due to banks and financial institutions up to 90 days	(4,682,101)	(5,439,944)	(5,837,887)
<b>Balance at end of the period/year</b>	<b><u>606,764</u></b>	<b><u>1,499,589</u></b>	<b><u>3,827,719</u></b>

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