



The Commercial Bank of Qatar (Q.S.C.)
Interim condensed consolidated financial statements
31 March 2011



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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Commercial Bank of Qatar (Q.S.C.) (the "Bank") and its subsidiaries (the "Group") as at 31 March 2011, comprising of the interim consolidated statement of financial position as at 31 March 2011 and the related interim consolidated statement of comprehensive income for the three-month period ended 31 March 2011 and the related interim consolidated statements of changes in equity and cash flows for the three-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: 19 April 2011
Doha

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

Interim consolidated statement of financial position as at 31 March 2011

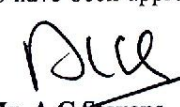
(All amounts in thousands of Qatar Riyals unless otherwise stated)

		31-Mar-11 Reviewed	31-Mar-10 Reviewed	31-Dec-10 Audited
ASSETS				
	Notes			
Cash and balances with Central Bank		2,312,064	4,242,101	8,702,824
Due from banks and financial institutions		5,238,630	4,015,768	4,237,843
Loans, advances and financing activities for customers	4	34,807,504	31,623,039	33,566,666
Financial investments	5	12,354,623	9,811,323	10,023,650
Investments in associates	6	3,760,875	3,728,439	3,839,542
Property and equipment	7	1,086,875	1,024,659	1,069,022
Other assets		1,219,694	1,006,038	1,080,527
Total assets		60,780,265	55,451,367	62,520,074
LIABILITIES				
Due to banks and financial institutions	8	3,374,922	4,020,693	3,553,398
Customer deposits		28,105,817	26,621,116	29,911,304
Borrowing under repurchase agreements		1,050,564	-	907,285
Debt issued and other borrowed funds	9	11,014,706	9,927,896	10,993,562
Other liabilities		2,107,782	1,500,160	1,285,310
Total liabilities excluding unrestricted investment accounts		45,653,791	42,069,865	46,650,859
Unrestricted investment accounts	10	2,182,788	2,186,854	3,369,358
Total liabilities including unrestricted investment accounts		47,836,579	44,256,719	50,020,217
EQUITY				
Share capital	11	2,474,464	2,268,258	2,268,258
Legal reserve	12	8,740,540	7,332,117	7,332,158
General reserve		26,500	26,500	26,500
Cumulative changes in fair value		27,235	(60,123)	56,648
Risk reserve		680,600	638,300	648,000
Other reserves		392,565	378,470	469,706
Proposed dividend	13	-	-	1,587,781
Retained earnings		601,782	611,126	110,806
Total equity		12,943,686	11,194,648	12,499,857
Total liabilities and equity		60,780,265	55,451,367	62,520,074

On behalf of the Board of Directors, the interim condensed consolidated financial statements have been approved on 19th April 2011 by:


Sheikh Abdulla Bin Ali Bin Jabor Al-Thani
Vice Chairman


Mr. Hussain Ibrahim Alfardan
Managing Director


Mr. A C Stevens
Group Chief Executive Officer

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

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

Interim consolidated statement of comprehensive income for the three months ended 31 March 2011

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

	Three months ended	
	31-Mar-11 Reviewed	31-Mar-10 Reviewed
Interest income	655,602	682,768
Interest expense	(235,850)	(293,960)
Net interest income	419,752	388,808
Income from Islamic financing and investment activities	41,313	45,106
Less: unrestricted investment account holders' share of profit	(16,524)	(25,063)
Net income from Islamic financing and investment activities	24,789	20,043
Fee and commission income	179,561	191,243
Fee and commission expense	(34,322)	(27,765)
Net fee and commission income	145,239	163,478
Dividend income	11,547	4,230
Net gains from dealing in foreign currencies	29,038	28,006
Profit from financial investments	47,218	5
Other operating income	10,909	13,675
	98,712	45,916
Net operating income	688,492	618,245
General and administrative expenses	(180,981)	(169,660)
Depreciation	(24,605)	(25,995)
Impairment losses on loans and advances to customers, net	(52,917)	(11,987)
Impairment losses on financial investments	(23,084)	(21,612)
Total operating expenses and impairment losses	(281,587)	(229,254)
Profit before share of results of associates	406,905	388,991
Share of results of associates	39,530	21,145
Net profit for the period	446,435	410,136
Other comprehensive income		
Share of other comprehensive income of associates	(3,119)	5,032
Net movement in fair value of available for sale investments	(26,294)	40,709
Other comprehensive income for the period	(29,413)	45,741
Total comprehensive income for the period	417,022	455,877
Basic/diluted earnings per share (QAR) (note 15)	1.90	1.84

The attached notes 1 to 18 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 three months ended 31 March 2011

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

	Share Capital	Legal Reserve	Shareholder's advance	General Reserve	Cumulative Changes in Fair Value	Risk Reserve	Other Reserves	Retained Earnings		Total
								Proposed Dividend	Other	
Balance at 1 January 2010	2,165,156	6,627,925	807,294	26,500	(105,864)	638,300	416,565	1,299,093	135,214	12,010,183
Total comprehensive income for the period	-	-	-	-	45,741	-	-	-	410,136	455,877
Dividend from associates for 2009 transferred to retained earnings	-	-	-	-	-	-	(59,240)	-	59,240	-
Social and sports fund appropriation (note 14)	-	-	-	-	-	-	-	-	(34,181)	(34,181)
Share of results of associates	-	-	-	-	-	-	21,145	-	(21,145)	-
Dividends for the year 2009	-	-	-	-	-	-	-	(1,299,093)	-	(1,299,093)
Dividends waived	-	-	-	-	-	-	-	-	61,862	61,862
Increase in share capital	103,102	-	(103,102)	-	-	-	-	-	-	-
Increase in legal reserve	-	704,192	(704,192)	-	-	-	-	-	-	-
Balance at 31 March 2010	2,268,258	7,332,117	-	26,500	(60,123)	638,300	378,470	-	611,126	11,194,648
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
Total comprehensive income for the period	-	-	-	-	(29,413)	-	-	-	446,435	417,022
Dividend from associates for 2010 transferred to retained earnings	-	-	-	-	-	-	(116,671)	-	116,671	-
Share of results of associates	-	-	-	-	-	-	39,530	-	(39,530)	-
Risk reserve as per QCB regulation	-	-	-	-	-	32,600	-	-	(32,600)	-
Dividends for the year 2010 (note 13)	-	-	-	-	-	-	-	(1,587,781)	-	(1,587,781)
Increase in share capital (note 11)	206,206	-	-	-	-	-	-	-	-	206,206
Increase in legal reserve (notes 11 and 12)	-	1,408,382	-	-	-	-	-	-	-	1,408,382
Balance at 31 March 2011	2,474,464	8,740,540	-	26,500	27,235	680,600	392,565	-	601,782	12,943,686

The attached notes 1 to 18 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 three months ended 31 March 2011

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

	Three months ended		Year ended
	31-Mar-11 Reviewed	31-Mar-10 Reviewed	31-Dec-10 Audited
Cash flows from operating activities			
Net profit for the period/year	446,435	410,136	1,635,281
Adjustments for:			
Depreciation	24,605	25,995	103,848
Amortisation of transaction costs	3,831	3,538	14,579
Impairment losses on loans and advances, net	52,917	11,987	166,523
Impairment losses on financial investments	23,084	21,612	127,995
Profit from sale of property and equipment	(7)	(37)	(99)
Profit from sale of other assets	-	(1,144)	(1,144)
Share of results of associates	(39,530)	(21,145)	(155,173)
Profit from financial investments	(47,218)	(5)	(63,506)
Profit before changes in operating assets and liabilities	464,117	450,937	1,828,304
Net (increase) decrease in operating assets			
Due from banks and financial institutions	228,506	(171,383)	(496,521)
Loans, advances and financing activities for customers	(1,293,755)	294,242	(1,803,921)
Proceeds from sale of other assets	-	2,844	2,844
Other assets	(139,167)	(110,934)	(221,567)
Net increase (decrease) in operating liabilities			
Due to banks and financial institutions	143,279	(295,136)	539,349
Customer deposits	(2,992,057)	2,536,422	7,009,114
Other liabilities	822,472	148,161	(66,689)
Social and sports development fund	-	(34,181)	(38,090)
Net cash (used in) from operating activities	(2,766,605)	2,820,972	6,752,823
Cash flows from Investing activities			
Purchase of financial investments	(2,485,887)	(318,242)	(2,029,678)
Investment in associates	(500)	(1,517)	(11,517)
Dividend received from associates	116,671	59,240	102,032
Proceeds from sale/maturity of financial investments	168,976	271,673	1,803,097
Purchase of property and equipment	(42,460)	(21,020)	(143,434)
Proceeds from sale of property and equipment	7	37	295
Net cash used in investing activities	(2,243,193)	(9,829)	(279,205)
Cash flows from Financing activities			
Proceeds from debt issued other borrowed funds	-	-	1,027,713
Net proceeds from issue of shares	1,614,588	-	-
Dividends paid	(1,587,781)	(1,299,093)	(1,299,093)
Dividend waived	-	-	61,861
Net cash from (used in) financing activities	26,807	(1,299,093)	(209,519)
Net (decrease) increase in cash and cash equivalents during the period/year	(4,982,991)	1,512,050	6,264,099
Cash and cash equivalents at 1 January	7,370,339	1,106,240	1,106,240
Cash and cash equivalents at end of the period/year (note 18)	2,387,348	2,618,290	7,370,339
Operational cash flows from interest and dividends:			
Interest/profit paid	163,977	223,604	1,243,824
Interest/profit received	639,759	681,574	3,026,446
Dividends received	11,547	4,230	11,883

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the three months ended 31 March 2011
(All amounts in thousands of Qatar Riyals unless otherwise stated)

1. CORPORATE INFORMATION

The Commercial Bank of Qatar (Q.S.C.) (“the Bank”) was incorporated in the State of Qatar in 1975 as a public shareholding company under Emiri Decree No.73 of 1974. The Bank and its subsidiaries (together the “Group”) are engaged in conventional banking, Islamic banking services and credit card business and operate through its head office and branches established in the State of Qatar. The Bank also acts as a holding company for its subsidiary engaged in credit card business in the Sultanate of Oman and a subsidiary that acts, primarily, for the purpose of debt issuance on behalf of the Bank.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 31 March 2011 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 2010. The results for the three months ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

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 2010, 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 2011.

IAS 24, ‘Related Party Disclosures (Revised)’

The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. A partial exemption from the disclosures has been included for government-related entities. For these entities, the general disclosure requirements of IAS 24 will not apply. Instead, alternative disclosures have been included, requiring: (a) The name of the government and the nature of its relationship with the reporting entity (b)The nature and amount of individually significant transactions (c) A qualitative or quantitative indication of the extent of other transactions that are collectively significant. This amendment will not give rise to any changes to the Group’s financial statements.

IAS 32, ‘Financial Instruments: Presentation - Classification of rights issues (Amendment)’

The definition of a financial liability has been amended to classify rights issues (and certain options or warrants) as equity instruments if: (a) The rights are given pro rata to all of the existing owners of the same class of an entity’s non-derivative equity instruments and (b) In order to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. The amendment provide reliefs to entities that issue rights (fixed in a currency other than their functional currency), from treating the rights as derivatives with fair value changes recorded in profit or loss. Rights issued in foreign currencies that were previously accounted for as derivatives will now be classified as equity instruments. This amendment will not give rise to any changes to the Group’s financial statements.

Improvements to IFRS (issued May 2010)

‘Improvements to IFRS’ comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2011, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the three months ended 31 March 2011
(All amounts in thousands of Qatar Riyals unless otherwise stated)

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

SIGNIFICANT ACCOUNTING POLICIES (continued)

The following interpretations became effective in 2011, but were not relevant for the Group's operations:

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)
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

3. SEGMENT INFORMATION

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

Conventional Banking:

- Corporate Banking provides an extensive range of conventional (non-Islamic) funded and non-funded credit facilities, demand and time deposit services, investment advisory and brokerage services, currency exchange facilities, interest rate 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.
- Retail Banking provides personal current, savings, time and investment accounts services, credit card and debit card services, consumer loans and residential mortgage services, custodial services to retail and individual customers.
- Islamic Banking – provides Islamic principle (Shari'ah) compliant banking services such as current, savings, time and investment account services, consumer and finance leasing, trade finances to retail, corporate and commercial customers. During the period, The Qatar Central Bank directed that all conventional banks should cease to enter into new Islamic Banking business. The Group's management is currently considering available options for the future of its Islamic Banking operations in the light of the Qatar Central Bank directive.
- Orient 1 – a subsidiary of the Bank provides credit card services in the Sultanate of Oman.

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.

Associated Companies – includes the Group's strategic investments in National Bank of Oman in Oman and United Arab Bank UAE and Asteco Qatar W.L.L., Gekko LLC and Massoun Insurance Services LLC which operate in the State of Qatar, all of 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 three months ended 31 March 2011

(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 three months ended 31 March 2011

	Conventional			Islamic Banking	Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total				
Net interest/similar income	344,555	75,718	420,273	24,789	350	(871)	444,541
Other income	127,429	100,272	227,701	6,158	816	9,276	243,951
Segmental revenue	471,984	175,990	647,974	30,947	1,166	8,405	688,492
Impairment losses on loans and advances, net of recovery	(34,483)	(12,274)	(46,757)	(6,339)	179	-	(52,917)
Impairment losses on financial investments	(20,834)	-	(20,834)	(2,250)	-	-	(23,084)
Segmental profit			390,280	16,049	1,097	(521)	406,905
Share of results of associates							39,530
Net profit for the period							446,435

Other information

Assets	45,234,362	5,891,221	51,125,583	4,023,486	88,402	1,781,919	57,019,390
Investments in associates							3,760,875
Liabilities	33,375,280	10,346,606	43,721,886	3,709,438	2,458	402,797	47,836,579
Contingent items	16,502,489	1,293,623	17,796,112	151,770	-	-	17,947,882

- Intra-group transactions are eliminated from this segmental information (Assets: QAR 258 million, Liabilities: QAR 185 million)

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the three months ended 31 March 2011

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

3. SEGMENT INFORMATION - Continued

For the three months ended 31 March 2010

	Conventional			Islamic Banking	Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total				
Net interest/similar income	323,559	65,132	388,691	20,043	895	(778)	408,851
Other income	143,905	49,957	193,862	3,659	1,295	10,578	209,394
Segmental revenue	467,464	115,089	582,553	23,702	2,190	9,800	618,245
Impairment losses on loans and advances, net of recovery	-	(11,282)	(11,282)	(786)	81	-	(11,987)
Impairment losses on financial investments	(15,704)	-	(15,704)	(5,908)	-	-	(21,612)
Segmental profit			378,370	8,767	1,400	454	388,991
Share of results of associates							21,145
Net profit for the period							410,136
Other information							
Assets	42,077,310	5,002,337	47,079,647	3,478,585	79,784	1,084,912	51,722,928
Investments in associates							3,728,439
Liabilities	32,617,463	8,021,637	40,639,100	3,172,148	3,098	442,373	44,256,719
Contingent items	19,053,441	1,023,147	20,076,588	-	-	-	20,076,588

- Intra-group transactions are eliminated from this segmental information (Assets: QAR 142 million, Liabilities: QAR 69 million)

The Commercial Bank of Qatar (Q.S.C.)
Notes to the interim condensed consolidated financial statements
For the three months ended 31 March 2011
(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:

	31-Mar-11	31-Mar-10	31-Dec-10
	Reviewed	Reviewed	Audited
Loans	31,366,762	27,544,485	29,717,548
Overdrafts	1,387,792	2,226,790	2,075,148
Bills discounted	80,127	87,075	69,286
Islamic financing activities	3,041,398	2,519,563	2,684,507
Total loans, advances and financing activities	<u>35,876,079</u>	<u>32,377,913</u>	<u>34,546,489</u>
- Allowance for impairment	(1,068,575)	(754,874)	(979,823)
Net loans, advances and financing activities	<u>34,807,504</u>	<u>31,623,039</u>	<u>33,566,666</u>

The total non-performing loans, advances and financing activities at 31 March 2011 amounted to QAR 1,161 million, representing 3.24% of the total loans, advances and financing activities (31 March 2010: QAR 788 million representing 2.43% of the total loans, advances and financing activities; 31 December 2010: QAR 1,092 million representing 3.16% of the total loans, advances and financing activities). In June 2010 the Bank changed its methodology for recognition of its non-performing loans, advances and financing activities to a basis of above 90 days (previously it was at above 180 days). If the new methodology had been in place at 31 March 2010, total non-performing loans, advances and financing activities would have represented 3.02% of total loans, advances and financing activities

Interest in suspense of QAR 307 million (31 March 2010: QAR 194 million; 31 December 2010: QAR 270 million) is, for the purpose of the Qatar Central Bank regulatory requirements, effectively included in the above impairment allowance amount.

5. FINANCIAL INVESTMENTS

	31-Mar-11	31-Mar-10	31-Dec-10
	Reviewed	Reviewed	Audited
Financial investments comprise the following :			
a) Available-for-sale investments	6,158,852	2,832,846	3,999,743
b) Investments held-to-maturity	6,195,771	6,978,477	6,023,907
Balance at end of the period/year	<u>12,354,623</u>	<u>9,811,323</u>	<u>10,023,650</u>

The carrying value of financial investments pledged under Repo agreements is QAR 1,224 million (31 March 2010: Nil; 31 December 2010: QAR 1,102 million)

The Commercial Bank of Qatar (Q.S.C.)
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For the three months ended 31 March 2011
(All amounts in thousands of Qatar Riyals unless otherwise stated)

6. INVESTMENTS IN ASSOCIATES

The Group's investments in associates are as follows:

Associate entity	Country of incorporation	Carrying Value and % of interest held					
		31-Mar-11		31-Mar-10		31-Dec-10	
		Reviewed	%	Reviewed	%	Audited	%
a) National Bank of Oman SAOG	Oman	1,461,882	34.9%	1,478,823	34.9%	1,499,145	34.9%
b) United Arab Bank PJSC	UAE	2,286,246	40.0%	2,247,406	40.0%	2,328,621	40.0%
c) Asteco Qatar W.L.L.	Qatar	2,163	30.0%	2,210	30.0%	2,181	30.0%
d) Gekko LLC	Qatar	772	50.0%	-	50.0%	-	50.0%
e) Massoun Insurance Services LLC	Qatar	9,812	50.0%	-	-	9,595	50.0%
Balance at the end of the period/year		3,760,875		3,728,439		3,839,542	

7. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the three months period ended 31 March 2011, the Group acquired assets with a cost of QAR 42 million (31 March 2010: QAR 21 million; year ended 31 December 2010: QAR 143 million).

Assets with a net book value of nil were disposed by the Group during the three months periods ended 31 March 2011 and 2010 (year ended 31 December 2010: QAR 196 thousand).

The Commercial Bank of Qatar (Q.S.C.)**Notes to the interim condensed consolidated financial statements****For the three months ended 31 March 2011**

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

8. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	31-Mar-11 Reviewed	31-Mar-10 Reviewed	31-Dec-10 Audited
Current accounts	243,345	76,072	277,447
Placements	3,131,577	3,944,621	3,275,951
Balance at end of the period/year	3,374,922	4,020,693	3,553,398

9. DEBT ISSUED AND OTHER BORROWED FUNDS

	31-Mar-11 Reviewed	31-Mar-10 Reviewed	31-Dec-10 Audited
Syndicated loans	2,364,206	2,362,130	2,363,686
EMTN (Bonds)	1,818,453	1,815,869	1,817,807
Senior notes	3,609,194	3,601,677	3,607,278
Subordinated notes	2,150,839	2,148,220	2,150,166
CHF Fixed Rate Bonds	1,072,014	-	1,054,625
Balance at end of the period/year	11,014,706	9,927,896	10,993,562

Other borrowed funds due for repayment:

	31-Mar-11 Reviewed	31-Mar-10 Reviewed	31-Dec-10 Audited
Up to 1 year	4,182,659	-	1,817,807
Between 1 and 3 years	-	4,177,999	2,363,686
Over 3 years	6,832,047	5,749,897	6,812,069
Balance at end of the period/year	11,014,706	9,927,896	10,993,562

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10. UNRESTRICTED INVESTMENT ACCOUNTS

	31-Mar-11	31-Mar-10	31-Dec-10
	Reviewed	Reviewed	Audited
Savings deposits	237,943	180,530	192,401
Call deposits	178,586	124,712	191,905
Investment deposits	1,766,259	1,881,612	2,985,052
Balance at end of the period/year	<u>2,182,788</u>	<u>2,186,854</u>	<u>3,369,358</u>

11. SHARE CAPITAL

	31-Mar-11	31-Mar-10	31-Dec-10
	Reviewed	Reviewed	Audited
Number of Shares (Nominal value of Ordinary shares QAR 10 each)	247,446,372	226,825,842	226,825,842
Issued and paid up capital (in thousands of Qatar Riyals)	2,474,464	2,268,258	2,268,258

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.

12. LEGAL RESERVE

The proceeds of the additional 20,620,530 new ordinary shares issued during the period 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.

13. DIVIDENDS PAID

A cash dividend of 70% (or QAR 7.0 per share) relating to the year ended 31 December 2010 (2009: QAR 6.0 per share), amounting to QAR 1,588 million (2009: QAR 1,299 million), was approved at the Annual General Assembly held on 21 February 2011.

14. CONTRIBUTION TO SOCIAL AND SPORTS DEVELOPMENT FUND

Pursuant to Law No. 13 of 2008 and further clarification of the law issued in 2010, the Bank made appropriation of QAR 70.9 million from retained earnings for its contribution to the Social & Sports Activities Support Fund (Daam) of Qatar. This amount represents 2.5% of the net profit earned from Bank's Qatar Operations during the years ended 31 December 2010 and 31 December 2009.

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15. EARNINGS PER SHARE

	Three months ended	
	31-Mar-11	31-Mar-10
	Reviewed	Reviewed
Basic and diluted		
Net profit for the period in thousand QAR	446,435	410,136
Weighted average number of shares in thousands	235,533	222,357
Earnings per share (QAR)	1.90	1.84

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

	Three months ended	
	31-Mar-11	31-Mar-10
	Reviewed	Reviewed
Qualifying shares at the beginning of the period	226,826	216,515
Private placement	8,707	5,842
Balance at end of the period	235,533	222,357

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16. RELATED PARTIES DISCLOSURES

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

	31-Mar-11	31-Mar-10	31-Dec-10
	Reviewed	Reviewed	Audited
Board members			
- Loans, advances and financing activities (a)	1,745,465	1,812,603	1,823,191
- Deposits	267,254	316,256	259,602
- Contingent liabilities, guarantees and other commitments	41,601	23,819	21,529
- Interest income earned from facilities granted to board members	8,470	12,017	44,929
- Other fee income earned from transactions with board members	1,016	390	782
- Interest paid on deposits accounts of board members	3,123	5,690	20,424
- Fixed Remuneration and meeting attendance fees paid to board members	1,324	852	39,558
Associated companies			
- NBO's deposit with the Group	128,387	91,344	109,957
- Bank's deposit with NBO	54,032	755	663
- NBO's contingent liabilities to the Group:			
- Letter of Guarantee	54,013	8,443	58,846
- Un-utilized credit facilities	254,800	-	254,800
- Interest rate swap (notional amount)	21,273	35,455	28,364
- Interest rate swap (fair value)	915	2,076	1,516
- UAB's deposit with the Group	831	175,167	309,796
- Bank's deposit with UAB	845	145,600	146,001
- UAB's contingent liabilities to the Group:			
- Letter of Guarantee	28,178	22,840	29,536
- Letter of Credit	1,282	479	339
- Asteco's deposit with the Group	8,737	7,054	7,311
- Gekko's deposit with the Group	604	1,933	335
- Massoun's deposit with the Group	18,986	-	19,089
- Interest income earned from Associates	67	6	23
- Interest expense incurred to Associates	720	704	3,633
Senior management compensation			
- Fixed remuneration	7,371	8,090	31,280
- Discretionary remuneration	3,216	3,651	14,604
- Fringe benefits	1,219	1,831	6,648
Additional information			
(a) A significant portion of the loans, advances and financing activities' balance at 31 March 2011 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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17. OFF-BALANCE SHEET ITEMS

	31-Mar-11	31-Mar-10	31-Dec-10
	Reviewed	Reviewed	Audited
a) Contingent liabilities			
Acceptance	151,059	100,758	91,583
Guarantees	8,149,934	10,728,121	8,532,654
Letter of credit	1,980,815	4,584,076	3,950,492
Un-utilized credit facilities	7,666,074	4,663,633	6,376,592
	<u>17,947,882</u>	<u>20,076,588</u>	<u>18,951,321</u>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives at notional value	6,226,067	7,578,820	6,051,807
Guaranteed investment funds	-	1,165	-
Capital commitments	429,500	48,100	470,000

18. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS

	31-Mar-11	31-Mar-10	31-Dec-10
	Reviewed	Reviewed	Audited
Cash and balances with Central Bank *	837,540	2,878,930	7,149,034
Due from banks and financial institutions up to 90 days	4,924,730	3,687,253	3,774,703
Due to banks and financial institutions up to 90 days	(3,374,922)	(3,947,893)	(3,553,398)
Balance at end of the period/year	<u>2,387,348</u>	<u>2,618,290</u>	<u>7,370,339</u>

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