



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

Interim condensed consolidated financial statements

31 March 2012



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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 2012, comprising of the interim consolidated statement of financial position as at 31 March 2012 and the related interim consolidated statement of comprehensive income for the three-month period ended 31 March 2012 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: 22 April 2012
Doha

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

Interim consolidated statement of financial position as at 31 March 2012

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

		31-Mar-12 Reviewed	31-Mar-11 Reviewed	31-Dec-11 Audited
ASSETS				
	Notes			
Cash and balances with Central Bank		2,422,668	2,312,064	2,576,494
Due from banks and financial institutions		5,948,371	5,238,630	9,271,920
Loans, advances and financing activities for customers	4	42,010,612	34,807,504	41,613,804
Financial investments	5	13,001,315	12,354,623	11,732,639
Investments in associates	6	3,847,770	3,760,875	3,926,480
Property and equipment	7	1,078,524	1,086,875	1,070,328
Other assets		1,597,655	1,219,694	1,348,400
Total assets		69,906,915	60,780,265	71,540,065
LIABILITIES				
Due to banks and financial institutions	8	5,198,352	3,374,922	5,837,887
Customer deposits and unrestricted investment accounts		37,855,644	30,288,605	37,988,683
Borrowing under repurchase agreements		1,741,838	1,050,564	1,150,810
Debt issued and other borrowed funds	9	10,354,130	11,014,706	11,054,086
Other liabilities		1,428,410	2,107,782	1,278,303
Total liabilities		56,578,374	47,836,579	57,309,769
EQUITY				
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		43,144	27,235	(68,548)
Risk reserve		805,600	680,600	805,600
Other reserves		468,281	392,565	556,456
Proposed dividend	12	-	-	1,484,678
Retained earnings		770,012	601,782	210,606
Total equity		13,328,541	12,943,686	14,230,296
Total liabilities and equity		69,906,915	60,780,265	71,540,065


On behalf of the Board of Directors, the interim condensed consolidated financial statements have been approved on 22nd April 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 17 form part of these interim condensed consolidated financial statements.

The Commercial Bank of Qatar (Q.S.C.)**Interim consolidated statement of comprehensive income for the three months ended 31 March 2012**

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

	Three months ended	
	31-Mar-12 Reviewed	31-Mar-11 Reviewed
Interest income from Conventional and Profit from Islamic Operations	714,828	696,915
Interest expense from Conventional and Share of Profit on Islamic Operations	(237,177)	(252,374)
Net interest income and Profit from Islamic Operations	477,651	444,541
Fee and commission income	175,502	179,561
Fee and commission expense	(46,854)	(34,322)
Net fee and commission income	128,648	145,239
Dividend income	8,797	11,547
Net gains from dealing in foreign currencies	35,149	29,038
Profit from financial investments	16,719	47,218
Other operating income	13,033	10,909
	73,698	98,712
Net operating income	679,997	688,492
General and administrative expenses	(183,270)	(180,981)
Depreciation	(28,129)	(24,605)
Impairment losses on loans and advances to customers, net	(44,623)	(52,917)
Impairment losses on financial investments	(5,968)	(23,084)
Total operating expenses and impairment losses	(261,990)	(281,587)
Profit before share of results of associates	418,007	406,905
Share of results of associates	53,224	39,530
Net profit for the period	471,231	446,435
Other comprehensive income		
Share of other comprehensive income of associates	9,648	(3,119)
Net movement in fair value of available for sale investments	102,044	(26,294)
Other comprehensive income for the period	111,692	(29,413)
Total comprehensive income for the period	582,923	417,022
- Basic/diluted earnings per share (QAR) (note 13)	1.90	1.90

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

Interim consolidated statement of changes in equity for the three months ended 31 March 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 year	-	-	-	-	-	-	-	446,435	446,435
Other comprehensive for the year	-	-	-	(29,413)	-	-	-	-	(29,413)
Total comprehensive income for the year	-	-	-	(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 12)	-	-	-	-	-	-	(1,587,781)	-	(1,587,781)
Increase in share capital (note 10)	206,206	-	-	-	-	-	-	-	206,206
Increase in legal reserve (note 10 and 11)	-	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
Balance at 1 January 2012	2,474,464	8,740,540	26,500	(68,548)	805,600	556,456	1,484,678	210,606	14,230,296
Profit for the year	-	-	-	-	-	-	-	471,231	471,231
Other comprehensive for the year	-	-	-	111,692	-	-	-	-	111,692
Total comprehensive income for the year	-	-	-	111,692	-	-	-	471,231	582,923
Dividend from associates for 2011 transferred to retained earnings	-	-	-	-	-	(141,399)	-	141,399	-
Share of results of associates	-	-	-	-	-	53,224	-	(53,224)	-
Dividends for the year 2011 (note 12)	-	-	-	-	-	-	(1,484,678)	-	(1,484,678)
Balance at 31 March 2012	2,474,464	8,740,540	26,500	43,144	805,600	468,281	-	770,012	13,328,541

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

Interim consolidated statement of cash flows for the three months ended 31 March 2012

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

	Three months ended		Year ended
	31-Mar-12 Reviewed	31-Mar-11 Reviewed	31-Dec-11 Audited
Cash flows from operating activities			
Net profit for the period/year	471,231	446,435	1,883,971
Adjustments for:			
Depreciation	28,129	24,605	113,704
Amortisation of transaction costs	4,096	3,831	15,113
Impairment losses on loans and advances, net	44,623	52,917	239,403
Impairment losses on financial investments	5,968	23,084	68,197
Profit from sale of property and equipment	-	(7)	(37)
Share of results of associates	(53,224)	(39,530)	(203,420)
Profit from financial investments	(16,719)	(47,218)	(136,307)
Profit before changes in operating assets and liabilities	484,104	464,117	1,980,624
Net (increase) decrease in operating assets			
Due from banks and financial institutions	132,156	228,506	(165,878)
Loans, advances and financing activities for customers	(441,431)	(1,293,755)	(8,286,541)
Other assets	(249,255)	(139,167)	(267,873)
Net increase (decrease) in operating liabilities			
Customer deposits and unrestricted investment accounts	(133,039)	(2,992,057)	4,708,021
Other liabilities	197,206	822,472	(54,106)
Contribution to Social and Sports Activities Support Fund (Daam)	(47,099)	-	(40,882)
Net cash used in operating activities	(57,358)	(2,909,884)	(2,126,635)
Cash flows from Investing activities			
Purchase of financial investments	(1,470,636)	(2,485,887)	(4,795,399)
Investment in associates	-	(500)	(1,150)
Dividend received from associates	141,399	116,671	116,670
Proceeds from sale/maturity of financial investments	329,661	168,976	3,111,821
Purchase of property and equipment	(39,318)	(42,460)	(115,110)
Proceeds from sale of property and equipment	-	7	137
Net cash used in investing activities	(1,038,894)	(2,243,193)	(1,683,031)
Cash flows from Financing activities			
Net movements in borrowing under repurchase agreements	591,028	143,279	243,525
Net proceeds from debt issued and other borrowed funds	1,650,218	-	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)
Net cash (used in) from financing activities	(1,609,432)	170,086	267,046
Net decrease in cash and cash equivalents during the period/year			
Cash and cash equivalents at 1 January (note 16)	3,827,719	7,370,339	7,370,339
Cash and cash equivalents at end of the period/year (note 16)	1,122,035	2,387,348	3,827,719
Operational cash flows from interest and dividends:			
Interest/profit paid	149,204	163,977	975,121
Interest/profit received	658,221	639,759	2,883,151
Dividends received	8,797	11,547	24,188

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 three months ended 31 March 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) Orient 1, engaged in credit card business in the Sultanate of Oman b) CBQ Finance Ltd, primarily used for debt issuance on behalf of the Bank and c) Commercialbank Investment Services provides brokerage and investment 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 three months ended 31 March 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 three months ended 31 March 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)

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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

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(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:

- 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.
- 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 – a subsidiary of the Bank provides credit card services in the Sultanate of Oman.
 - b) Commercialbank Investment Services – a subsidiary of the bank provides brokerage and investment 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, 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 under Commercial Banking until the maturity/redemption of underlying contracts.

The Commercial Bank of Qatar (Q.S.C.)
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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 2012

	Commercial			Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total			
Net interest/similar income	356,035	122,662	478,697	590	(1,636)	477,651
Other income	129,428	63,992	193,420	1,385	7,541	202,346
Segmental revenue	<u>485,463</u>	<u>186,654</u>	<u>672,117</u>	<u>1,975</u>	<u>5,905</u>	<u>679,997</u>
Impairment losses on loans and advances, net of recovery	(43,321)	(1,332)	(44,653)	30	-	(44,623)
Impairment losses on financial investments	<u>(5,968)</u>	<u>-</u>	<u>(5,968)</u>	<u>-</u>	<u>-</u>	<u>(5,968)</u>
Segmental profit			<u>421,312</u>	<u>(934)</u>	<u>(2,371)</u>	418,007
Share of results of associates						<u>53,224</u>
Net profit for the period						<u>471,231</u>
Other information						
Assets	54,061,956	10,025,426	64,087,382	304,828	1,666,935	66,059,145
Investments in associates						3,847,770
Liabilities	44,601,970	11,782,314	56,384,284	119,470	74,620	56,578,374
Contingent items	18,345,272	760,544	19,105,816	-	-	19,105,816

Intra-group transactions are eliminated from this segmental information (Assets: QAR 472 million, Liabilities: QAR 300 million)

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3. SEGMENT INFORMATION - Continued

For the three months ended 31 March 2011

	Commercial			Subsidiaries	Unallocated	Total
	Corporate Banking	Retail Banking	Total			
Net interest/similar income	363,220	81,842	445,062	350	(871)	444,541
Other income	131,572	102,287	233,859	816	9,276	243,951
Segmental revenue	494,792	184,129	678,921	1,166	8,405	688,492
Impairment losses on loans and advances, net of recovery	(39,940)	(13,156)	(53,096)	179	-	(52,917)
Impairment losses on financial investments	(23,084)	-	(23,084)	-	-	(23,084)
Segmental profit			406,329	1,097	(521)	406,905
Share of results of associates						39,530
Net profit for the period						446,435

Other information

Assets	48,722,378	6,426,691	55,149,069	88,402	1,781,919	57,019,390
Investments in associates						3,760,875
Liabilities	36,242,703	11,188,621	47,431,324	2,458	402,797	47,836,579
Contingent items	16,654,259	1,293,623	17,947,882	-	-	17,947,882

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

Note: The results for Islamic Banking for the three months ended 31 March 2011 have been restated under Corporate Banking and Retail Banking, as appropriate, for consistency with the disclosure adopted for the period ended 31 March 2012.

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(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-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
Loans, advances and financing activities	41,425,893	34,403,348	40,101,453
Overdrafts	1,078,518	1,392,604	1,946,848
Bills discounted	104,970	80,127	112,905
Total loans, advances and financing activities	<u>42,609,381</u>	<u>35,876,079</u>	<u>42,161,206</u>
- Allowance for impairment	(598,769)	(1,068,575)	(547,402)
Net loans, advances and financing activities	<u>42,010,612</u>	<u>34,807,504</u>	<u>41,613,804</u>

The total non-performing loans, advances and financing activities at 31 March 2012 amounted to QAR 519 million, representing 1.22% of the total loans, advances and financing activities on a 90 days basis for recognition of non-performing loans (31 March 2011: QAR 1,161 million representing 3.24% 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 77 million (31 March 2011: QAR 307 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

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
Financial investments comprise the following :			
a) Available-for-sale investments	7,667,767	6,158,852	6,229,663
b) Investments held-to-maturity	5,333,548	6,195,771	5,502,976
Balance at end of the period/year	<u>13,001,315</u>	<u>12,354,623</u>	<u>11,732,639</u>

The carrying value of financial investments pledged under Repo agreements is QAR 2,002 million (31 March 2011: QAR 1,224 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					
		31-Mar-12		31-Mar-11		31-Dec-11	
		Reviewed	%	Reviewed	%	Audited	%
a) National Bank of Oman SAOG	Oman	1,510,056	34.9%	1,461,882	34.9%	1,538,990	34.9%
b) United Arab Bank PJSC	UAE	2,324,858	40.0%	2,286,246	40.0%	2,374,737	40.0%
c) Asteco Qatar L.L.C.	Qatar	2,010	30.0%	2,163	30.0%	2,256	30.0%
d) Gekko L.L.C.	Qatar	-	50.0%	772	50.0%	-	50.0%
e) Massoun Insurance Services L.L.C.	Qatar	10,846	50.0%	9,812	50.0%	10,497	50.0%
Balance at the end of the period/year		3,847,770		3,760,875		3,926,480	

7. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the three months ended 31 March 2012, the Group acquired assets with a cost of QAR 39 million (31 March 2011: QAR 42 million; year ended 31 December 2011: QAR 115 million).

There were no disposals made by the Group during the three months periods ended 31 March 2012 and 31 March 2011 (year ended 31 December 2011: QAR 100 thousand).

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

Notes to the interim condensed consolidated financial statements

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8. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
Due to Central Bank	546,000	-	700,000
Current accounts	276,378	243,345	281,700
Placements	4,375,974	3,131,577	4,856,187
Balance at end of the period/year	<u>5,198,352</u>	<u>3,374,922</u>	<u>5,837,887</u>

9. DEBT ISSUED AND OTHER BORROWED FUNDS

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
EMTN (Bonds) – note (a)	-	1,818,453	-
Syndicated loans - note (b)	-	2,364,206	2,365,698
Senior notes	3,617,111	3,609,194	3,615,093
Subordinated notes	2,153,665	2,150,839	2,152,938
CHF Fixed Rate Bonds	1,115,453	1,072,014	1,103,643
Bilateral loans	1,816,904	-	1,816,714
Club loan - note (c)	1,650,997	-	-
Balance at end of the period/year	<u>10,354,130</u>	<u>11,014,706</u>	<u>11,054,086</u>

- (a) Bonds issued under the Bank's initial EMTN programme with a value of US\$ 500 million matured and were repaid on 12 October 2011.
- (b) A Syndicated loan with a value of US\$ 650 million matured and was repaid on 28 February 2012.
- (c) The Bank established a new Club term loan facility on 6 February 2012 for US\$ 455 million with a group of international banks.

Debt issued and other borrowed funds due for repayment:

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
Up to 1 year	182,000	4,182,659	2,547,698
Between 1 and 3 years	6,903,012	-	5,249,807
Over 3 years	3,269,118	6,832,047	3,256,581
Balance at end of the period/year	<u>10,354,130</u>	<u>11,014,706</u>	<u>11,054,086</u>

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10. SHARE CAPITAL

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	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 during 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

	Three months ended	
	31-Mar-12	31-Mar-11
	Reviewed	Reviewed
Basic and diluted		
Net profit for the period in thousand QAR	471,231	446,435
Weighted average number of shares in thousands	247,446	235,533
Earnings per share (QAR)	1.90	1.90

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

	Three months ended	
	31-Mar-12	31-Mar-11
	Reviewed	Reviewed
Qualifying shares at the beginning of the period	247,446	226,826
Private placement	-	8,707
Weighted average number of shares for the period	247,446	235,533

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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:

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
Board members			
- Loans, advances and financing activities (a)	2,625,543	1,745,465	2,516,789
- Deposits	295,976	267,254	183,640
- Contingent liabilities, guarantees and other commitments	8,134	41,601	23,356
- Interest income earned from facilities granted to board members	7,035	8,470	35,233
- Other fee income earned from transactions with board members	123	1,016	3,252
- Interest paid on deposits accounts of board members	4,888	3,123	15,671
- Fixed Remuneration and meeting attendance fees paid to board members	1,480	1,324	41,454
Associated companies			
- NBO's deposit with the Bank	1,230	128,387	675
- Bank's deposit with NBO	218,985	54,032	237,053
- NBO's contingent liabilities to the Bank:			
- Letter of Guarantee	9,806	54,013	11,192
- Un-utilized credit facilities	254,800	254,800	254,800
- Interest rate swap (notional amount)	7,091	21,273	14,182
- Interest rate swap (fair value)	169	915	488
- UAB's deposit with the Bank	92,059	831	183,369
- Bank's deposit with UAB	73,660	845	182,737
- UAB's contingent liabilities to the Bank:			
- Letter of Guarantee	34,469	28,178	29,281
- Letter of Credit	868	1,282	620
- Asteco's deposit with the Bank	5,341	8,737	6,148
- Gekko's deposit with the Bank	452	604	580
- Massoun Insurance Services' deposit with the Bank	19,340	18,986	19,855
- Interest income earned from Associates	225	67	550
- Interest expense incurred to Associates	68	720	836
Senior management compensation			
- Fixed remuneration	10,101	7,371	35,975
- Discretionary remuneration	5,495	3,216	12,864
- Fringe benefits	1,351	1,219	4,772
Additional information			
(a) Loans, advances and financing activities' balance at 31 March 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

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
a) Contingent liabilities			
Acceptances	214,551	151,059	97,979
Guarantees	9,196,901	8,149,934	9,088,622
Letters of credit	3,638,194	1,980,815	5,217,592
Un-utilized credit facilities	6,056,170	7,666,074	5,859,107
Balance at end of the period/year	<u>19,105,816</u>	<u>17,947,882</u>	<u>20,263,300</u>
b) Other undertakings and commitments			
Foreign exchange contracts and derivatives at notional value	8,653,510	6,226,067	6,143,561
Capital commitments	467,353	429,500	479,243

16. CASH AND CASH EQUIVALENTS FOR STATEMENT OF CASH FLOWS

	31-Mar-12	31-Mar-11	31-Dec-11
	Reviewed	Reviewed	Audited
Cash and balances with Central Bank *	625,135	837,540	827,160
Due from banks and financial institutions up to 90 days	5,695,252	4,924,730	8,838,446
Due to banks and financial institutions up to 90 days	(5,198,352)	(3,374,922)	(5,837,887)
Balance at end of the period/year	<u>1,122,035</u>	<u>2,387,348</u>	<u>3,827,719</u>

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

17. EVENTS AFTER THE REPORTING PERIOD

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.