



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

Interim Condensed Consolidated Financial Statements

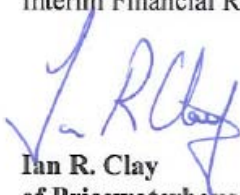
As at 31 March 2006

Auditors' report to the Shareholders

We have reviewed the accompanying interim condensed consolidated balance sheet of The Commercial Bank of Qatar Q.S.C. ("the Bank"), as at 31 March 2006 and the related condensed consolidated statements of income, changes in shareholders equity and cash flows for the three month period then ended. These interim condensed consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with International Standards on Review Engagements 2400. This standard requires that we plan and perform the audit to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of Bank's personnel and analytical review procedures applied to financial data, and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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 presented fairly, in all material respects, in accordance with International Accounting Standards (IAS) 34 – Interim Financial Reporting and Qatar Central Bank regulations.



Ian R. Clay
of PricewaterhouseCoopers

Auditors' Registration number 150
Doha, 18 April 2006

The Commercial Bank of Qatar Q S C
Interim Condensed Consolidated Balance Sheet
As at 31 March 2006

		Figures in thousand Qatar Riyals		
		31-Mar-06	31-Mar-05	31-Dec-05
		Reviewed	Reviewed	Audited
<u>ASSETS</u>				
	Notes			
Cash and balances with Central Bank	4	1,003,579	605,813	648,290
Securities held for trading	5	13,302	13,586	13,368
Due from banks and financial institutions	6	4,778,300	3,415,218	5,352,434
Loans, advances and financing activities for customers	7	12,166,999	7,201,465	10,884,138
Investment securities	8	3,603,106	2,293,720	3,367,624
Investment in associate	9	1,224,494	-	1,251,304
Property, furniture and equipment		325,129	324,584	317,948
Other assets		301,532	268,910	346,437
Total assets		<u>23,416,441</u>	<u>14,123,296</u>	<u>22,181,543</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
<u>LIABILITIES</u>				
Due to banks and financial institutions	10	829,836	382,178	1,704,233
Customers' deposits	11	13,994,060	9,406,151	13,056,421
Other borrowed funds		2,329,600	982,800	1,092,000
Other liabilities		657,110	393,451	470,033
		<u>17,810,606</u>	<u>11,164,580</u>	<u>16,322,687</u>
Unrestricted investment deposits owners' equity	12	415,365	-	178,361
Risk reserve-Unrestricted investment deposit owners share of profit		4,043	-	3,396
Total unrestricted investment deposits owners' equity		<u>419,408</u>	<u>-</u>	<u>181,757</u>
<u>SHAREHOLDERS' EQUITY</u>				
Paid up capital		1,401,579	747,509	934,386
Legal reserve		2,915,499	1,327,042	2,915,499
Fair value reserve		191,467	587,627	500,559
Risk reserves		101,300	57,600	87,200
Other reserves		26,577	26,546	26,508
Proposed dividend		-	-	373,754
Proposed bonus shares		-	-	467,193
Retained earnings		550,005	212,392	372,000
Total shareholders' equity		<u>5,186,427</u>	<u>2,958,716</u>	<u>5,677,099</u>
Total liabilities, unrestricted investment deposits owners' equity and shareholders' equity		<u>23,416,441</u>	<u>14,123,296</u>	<u>22,181,543</u>

The financial statements have been approved by the board of directors and signed on their behalf by the following on 18th April 2006.

HE Abdullah bin Khalifa Al Attiyah
Chairman

Mr. A C Stevens
Group Chief Executive Officer

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

The Commercial Bank of Qatar Q S C
Interim Condensed Consolidated Statement of Income
For the period ended 31 March 2006

	Figures in thousand Qatar Riyals	
	3 months ended	
Notes	31-Mar-06	31-Mar-05
	Reviewed	Reviewed
Interest income	285,802	152,492
Interest expense	(130,547)	(48,414)
Net interest income	155,255	104,078
Income from Islamic finance and investment activities	6,583	-
Fee and commission income	88,129	55,710
Fee and commission expense	(11,085)	(8,144)
Net fee and commission income	77,044	47,566
Dividend on shares and investment funds units	10,245	7,442
Profits from foreign currency transactions	11,361	7,605
Profits from investments (net)	13 54,666	89,839
Other operating income	2,169	826
	78,441	105,712
Net operating income	317,323	257,356
General and administrative expenses	93,188	55,863
Depreciation and amortization	10,733	8,627
Impairment losses on loans and advances to financial institution (net)	(62)	-
Impairment losses on loans and advances to customers (net)	(5,556)	1,310
Impairment losses on available for sale investments (net)	-	5,000
Total operating expenses and provisions	(98,303)	(70,800)
Profit before share of result of associate	219,020	186,556
Share of results of associate net of tax (estimated)	9 12,811	-
Profit before share of investment deposit owners	231,831	186,556
Less unrestricted investment deposit owners' share of profit	(4,043)	-
Net profit for the period/year	227,788	186,556
- Basic/diluted earnings per share	1.63	1.33

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

The Commercial Bank of Qatar Q S C
Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
For the three months period ended 31 March 2006

	Figures in thousand Qatar Riyals								
	Share Capital	Legal Reserve	Risk Reserves	Fair Value Reserve	Other Reserves	Proposed Dividend	Proposed Bonus shares	Retained Earnings	Total
Balance at 31 December 2004 (Note 2)	533,935	1,327,042	52,100	206,973	26,460	213,574	213,574	46,336	2,619,994
Distributed bonus shares for the year 2004	213,574	-	-	-	-	-	(213,574)	-	-
Dividend paid for the year 2004	-	-	-	-	-	(213,574)	-	-	(213,574)
Directors' remuneration for 2004	-	-	-	-	-	-	-	(9,000)	(9,000)
Contribution for social responsibilities	-	-	-	-	-	-	-	(6,000)	(6,000)
Net profit for the three months ended 31 March 2005	-	-	-	-	-	-	-	186,556	186,556
Net movement in fair values reserve (FVR)	-	-	-	380,654	-	-	-	-	380,654
Risk reserve required as per QCB regulation	-	-	5,500	-	-	-	-	(5,500)	-
Adjustment for exchange rate fluctuations	-	-	-	-	86	-	-	-	86
Balance at 31 March 2005	747,509	1,327,042	57,600	587,627	26,546	-	-	212,392	2,958,716
Balance at 1 January 2006	934,386	2,915,499	87,200	500,559	26,508	373,754	467,193	372,000	5,677,099
Distributed bonus shares for the year 2005	467,193	-	-	-	-	-	(467,193)	-	-
Dividend paid for the year 2005	-	-	-	-	-	(373,754)	-	-	(373,754)
Directors' remuneration for 2005	-	-	-	-	-	-	-	(28,683)	(28,683)
Contribution for social responsibilities	-	-	-	-	-	-	-	(7,000)	(7,000)
Net profit for the three months ended 31 March 2006	-	-	-	-	-	-	-	227,788	227,788
Net movement in fair values reserve (FVR)	-	-	-	(308,950)	-	-	-	-	(308,950)
Share of revaluation reserves of Associate	-	-	-	(142)	-	-	-	-	(142)
Risk reserve required as per QCB regulation	-	-	14,100	-	-	-	-	(14,100)	-
Adjustment for exchange rate fluctuations	-	-	-	-	69	-	-	-	69
Balance at 31 March 2006	1,401,579	2,915,499	101,300	191,467	26,577	-	-	550,005	5,186,427

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

The Commercial Bank of Qatar Q S C
Interim Condensed Consolidated Statement of Cash Flows
For the period ended 31 March 2006

	Figures in thousand Qatar Riyals		
	3 months ended		Year ended
	31-Mar-06	31-Mar-05	31-Dec-05
	Reviewed	Reviewed	Audited
<u>Cash flows from operating activities</u>			
Net profit for the period/year	227,788	186,556	749,518
<u>Adjustments of profit (losses) with cash flows from operating activities</u>			
Depreciation	10,733	8,627	34,062
Provision/charge for impairment loss of available for sale investments	-	5,000	19,822
Profit from sale of property, furniture and equipment	-	-	(14,677)
Share of results of associate net of tax	(12,811)	-	(45,002)
Profit from sale of investments	(54,666)	(89,839)	(249,685)
Profits before changes in operating assets and liabilities	182,243	121,250	530,922
<u>Net (increase) decrease in assets</u>			
Balances with banks and financial institutions	(456,730)	14,727	(219,505)
Loans and advances to customers	(1,282,861)	(482,121)	(4,168,915)
Other assets	44,905	(121,225)	(198,802)
<u>Net increase (decrease) in liabilities</u>			
Balances to banks and financial institutions	375,486	25,000	-
Customers deposits	1,174,643	1,102,014	4,930,645
Other liabilities	152,041	97,713	177,691
Net cash from operating activities (1)	178,528	746,452	1,015,152
<u>Cash flows from Investing activities</u>			
Purchase of investments	(671,388)	(507,589)	(2,215,363)
Acquisition of shares in associate	-	-	(1,203,413)
Dividend received from associate	39,548	-	-
Proceeds from sale and redemption of securities	181,622	126,894	816,114
Purchase of property and equipment	(17,914)	(9,610)	(93,466)
Proceeds from sale of property and equipment	-	-	79,769
Net cash used in investing activities (2)	(468,132)	(390,305)	(2,616,359)
<u>Cash flows from Financing activities</u>			
Proceeds of borrowed funds	1,237,600	-	546,000
Repayment of borrowed funds	-	-	(436,800)
Proceeds from rights issue	-	-	2,242,527
Dividend paid	(373,754)	(213,574)	(213,574)
Net cash from (used in) financing activities (3)	863,846	(213,574)	2,138,153
Net increase in cash and cash equivalents during the period/year (1+2+3)	574,242	142,573	536,946
Effects of foreign exchange fluctuation	-	86	30
Cash and cash equivalents at beginning of period/year	3,554,950	3,017,974	3,017,974
Cash and cash equivalents at end of period/year	4,129,192	3,160,633	3,554,950

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 period ended 31 March 2006

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

The Commercial Bank of Qatar Q.S.C. (“the Bank”) was incorporated in the State of Qatar in 1975 as a public shareholding company under Emiri Decree No.73 of 1974. The Bank is engaged in conventional commercial banking, islamic banking services and credit card business and operates through its Head Office and branches established in Qatar. The Bank also acts as a holding company for its subsidiaries engaged in credit card business.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board. The interim condensed consolidated financial statements for the three months ended 31 March 2006 have been prepared in compliance with International Accounting Standards No. 34: Interim Financial Reporting, which permits the interim financial statements to be in a condensed form. The accounting policies and computation methods used in preparation of these interim condensed consolidated financial statements are consistent with those used in the annual statements for the year ended 31 December 2005.

The comparative figures have been re-classified and re-stated where necessary, to make them comparable with the current period figures.

Consequent to the introduction of the revised International Accounting Standards (“IAS”) 39 in 2005, the Bank, inter alia, applied the transitional arrangements embodied in the revised IAS 39 with respect to loan loss provisions. As part of this process the Bank took into consideration Qatar Central Bank (“QCB”) circular no. 68/2005 (“the QCB circular”), which requires the establishment of a risk reserve of 1% of the non-governmental exposures. The Bank also complied with Qatar Central Bank’s instruction to re-classify Directors attendance fee from appropriation to a charge to income statement.

In accordance with the transitional arrangements contained in IAS 39 this change has been accounted for retrospectively in these financial statements by adjusting comparative amounts as at the start of the earliest presented period and treating the revised standard as applying throughout the presented periods. In respect of balance sheet as at 31 December 2004, the restatement is detailed in the 31 December 2005 financial statements. The key amounts affected by the change in respect of three months ended 31 March 2005 are as follows:

Effect on 2005

Profit for the three months period 2005 as reported previously	181,306
Effect of changes on loans and advance to customers (net)	5,500
Effect of changes of directors attendance fees	(250)
Profit for the three months period 2005 as restated	<u>186,556</u>

Due to the effect of seasonal variations, the three months’ results reported in these interim condensed consolidated financial statements may not represent a proportionate share of the overall annual income.

The Commercial Bank of Qatar Q S C
Notes to the Interim Condensed Consolidated Financial Statements
For the three months period ended 31 March 2006

3. BASIS OF CONSOLIDATION

i) Subsidiaries

The accompanying interim condensed consolidated financial statements include the financial statements of the Bank and its controlled subsidiaries listed below. Inter-company transactions and balances have been eliminated.

Company Name	Country of Incorporation	Capital	Eqv. QAR	Share %
Orient 1 Limited	Bermuda	US\$ 20,000,000	72,800,000	100%
Diners Club Services Bahrain WLL (a subsidiary of Orient 1)	Bahrain	US\$ 3,000,000	10,920,000	100%
Diners Club Services Egypt SAE (a subsidiary of Orient 1)	Egypt	LE 3,700,000	2,348,387	100%

ii) Associate

National Bank of Oman SAOG is an associate of the Bank as the Bank has significant influence but not control in relation to this entity. The investment in the associate is accounted for using the equity method of accounting and is therefore initially recognised at cost. The Bank's share of post acquisition profits or losses is recognised in the income statement and its share of post acquisition movements in reserves is recognised in reserves. The consolidated post acquisition movements in reserves are adjusted against the carrying value of the investment. The Bank's investment in associate includes goodwill (net of any accumulated impairment loss) on acquisition.

4. CASH AND BALANCES WITH CENTRAL BANK

	Figures in thousand Qatar Riyals		
	31-Mar-06	31-Mar-05	31-Dec-05
	Reviewed	Reviewed	Audited
Cash *	228,446	138,934	175,029
Cash reserve with Qatar Central Bank	366,762	242,327	353,989
Clearing balances with Qatar Central Bank	78,371	224,552	119,272
Overnight placements with Qatar Central Bank	330,000	-	-
Total	1,003,579	605,813	648,290

* The cash balance includes QR 5.283 million related to Islamic banking branches.

The Commercial Bank of Qatar Q S C
Notes to the Interim Condensed Consolidated Financial Statements
For the three months period ended 31 March 2006

Figures in thousand Qatar Riyals

5. SECURITIES HELD FOR TRADING

	31-Mar-06	31-Mar-05	31-Dec-05
	Reviewed	Reviewed	Audited
	listed	listed	listed
Shares	1,438	1,594	1,431
Notes and bonds	11,864	11,992	11,937
Total	<u>13,302</u>	<u>13,586</u>	<u>13,368</u>

6. DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	31-Mar-06	31-Mar-05	31-Dec-05
	Reviewed	Reviewed	Audited
Demand accounts	17,101	8,475	61,987
Placements	3,858,082	3,152,255	4,685,263
Loans to banks and financial institutions	505,973	285,195	400,920
- Provision for impairment losses	(6,199)	(29,942)	(6,261)
- Interest in suspense	(697)	(765)	(595)
Commodity murabaha and wakala investments of Islamic Branches	404,040	-	211,120
Total	<u>4,778,300</u>	<u>3,415,218</u>	<u>5,352,434</u>

The provision for impairment losses represents 91.3% of the total non-performing loans related to banks and financial institutions. The interest suspended during the three months period ended 31 March 2006 is QR 102k and recovery of provision QR 62k (2005 March: Interest suspended QR 65k whilst recovered was nil).

7. LOANS, ADVANCES AND FINANCING ACTIVITIES FOR CUSTOMERS

	31-Mar-06	31-Mar-05	31-Dec-05
<u>i) By type</u>	Reviewed	Reviewed	Audited
Loans	10,799,922	6,370,295	9,303,666
Overdrafts	1,116,837	830,848	1,397,346
Bills discounted	129,079	124,011	118,887
Islamic financing	241,325	-	189,665
Total loans and advances	<u>12,287,163</u>	<u>7,325,154</u>	<u>11,009,564</u>
- Specific provision	(76,291)	(83,586)	(83,124)
- Interest in suspense	(43,873)	(40,103)	(42,302)
Total	<u>12,166,999</u>	<u>7,201,465</u>	<u>10,884,138</u>

The total non-performing loans and advances at 31 March 2006 amounted to QR 122 million, representing 1.0 % of the total loans and advances (QR 125 million representing 1.7% of the total loans and advances at 31 March 2005.)

The Commercial Bank of Qatar Q S C
Notes to the Interim Condensed Consolidated Financial Statements
For the three months period ended 31 March 2006

Figures in thousand Qatar Riyals

7. LOANS, ADVANCES AND FINANCING ACTIVITIES FOR CUSTOMERS (cont'd)

	Total 31-Mar-06 Reviewed	Total 31-Mar-05 Reviewed	Total 31-Dec-05 Audited
ii) By industry before provisions and interest in suspense			
Government	230,866	526,080	546,493
Government and semi-government agencies	1,430,299	937,302	1,188,502
Industry	135,761	75,552	114,276
Commercial	1,240,562	860,970	1,131,451
Services	921,362	411,049	718,687
Contracting	763,591	338,649	715,290
Real Estate	1,756,573	1,025,151	1,631,296
Consumers	4,144,176	2,390,801	3,757,383
Other	1,663,973	759,600	1,206,186
Total	<u>12,287,163</u>	<u>7,325,154</u>	<u>11,009,564</u>

iii) Movement in provision

	Specific provision	Interest-in- suspense	31-Mar-06 Reviewed	31-Mar-05 Reviewed	31-Dec-05 Audited
Balance at 1st January	83,124	42,302	125,426	121,617	121,617
Provisions made during the period/year	11,199	3,197	14,396	8,027	46,549
Provisions recoveries during the period/year	(16,755)	(1,569)	(18,324)	(4,619)	(39,318)
Net additional provisions during the period/year	(5,556)	1,628	(3,928)	3,408	7,231
Recoveries from previously written off loans	-	-	-	-	8,306
Provisions used during the year to write off	(1,277)	(57)	(1,334)	(1,336)	(11,728)
Balance at the end of the period/year	<u>76,291</u>	<u>43,873</u>	<u>120,164</u>	<u>123,689</u>	<u>125,426</u>

The Commercial Bank of Qatar Q S C
Notes to the Interim Condensed Consolidated Financial Statements
For the three months period ended 31 March 2006

8. INVESTMENT SECURITIES

	31-Mar-06		31-Mar-05		31-Dec-05	
	Reviewed		Reviewed		Audited	
Investments comprise the following:	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
a) Available for sale investments						
- Conventional Banking	1,373,290	328,358	1,320,753	257,165	1,457,481	325,690
- Islamic Banking	-	18,382	-	-	-	-
b) Investments held to maturity						
- Conventional Banking	735,916	1,139,880	375,952	339,850	439,781	1,141,032
- Islamic Banking	7,280	-	-	-	3,640	-
Total	2,116,486	1,486,620	1,696,705	597,015	1,900,902	1,466,722

a) <u>Available for sale investments</u>	31-Mar-06		31-Mar-05		31-Dec-05	
	Reviewed		Reviewed		Audited	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
Equities	773,364	48,088	979,903	61,359	962,673	48,221
Government bonds in USD	148,534	-	140,868	-	147,238	-
Other bonds	451,392	-	199,982	-	347,570	-
Investment funds units	-	305,415	-	206,755	-	302,614
Investment funds units (Islamic branches)	-	18,382	-	-	-	-
Provision for impairment	-	(25,145)	-	(10,949)	-	(25,145)
Total	1,373,290	346,740	1,320,753	257,165	1,457,481	325,690

Included in bonds are fixed rate securities with a value of QR 368.69 million and floating rate securities with a value of QR 231.24 million at 31 March 2006 (against fixed rate securities with a value of QR 177.05 million and floating rate securities with a value of QR 163.8 million at 31 March 2005).

Unlisted investments are carried at cost less provision to recognise impairment. This is due to the unpredictable nature of future cash flows and the lack of suitable alternate methods for arriving at reliable fair value. Out of QR 372 million of unlisted securities QR 166 million relates to capital guaranteed fund (31 March 2005: QR 183 million).

b) Held to maturity investments ***

	31-Mar-06		31-Mar-05		31-Dec-05	
	Reviewed		Reviewed		Audited	
	Listed	Unlisted	Listed	Unlisted	Listed	Listed
By party						
Qatar Government Bonds in USD *	570,031	-	269,828	-	319,573	-
Qatar Government Bonds in QAR **	-	1,139,880	-	339,850	-	1,141,032
Other bonds	165,885	-	106,124	-	120,208	-
Other bonds (Islamic Branches)	7,280	-	-	-	3,640	-
Total	743,196	1,139,880	375,952	339,850	443,421	1,141,032
By nature of income						
Fixed rate securities	592,690	-	284,952	-	333,133	-
Floating rate securities	143,226	1,139,880	91,000	339,850	106,648	1,141,032
Floating profit at maturity	7,280	-	-	-	3,640	-
Total	743,196	1,139,880	375,952	339,850	443,421	1,141,032

* The Bank has availed short term borrowings of QR 375.5 million against Government bonds under repurchase agreements (note 10).

** Qatar Government bonds in QAR, are carried at amortized cost, though they do not have secondary market. This is estimated to be the market value.

*** The fair value of held to maturity investments (excluding Qatar Government bonds in QAR) amounted to QR 746.71 million at 31 March 2006 (31 March 2005 : QR 378.01 million).

The Commercial Bank of Qatar Q S C
Notes to the Interim Condensed Consolidated Financial Statements
For the three months period ended 31 March 2006

9. INVESTMENT IN ASSOCIATE

During July 2005, the Bank acquired 34.85% of the equity National Bank of Oman SAOG (NBO). Shares of NBO are listed on the Muscat Securities Market and the quoted price on the balance sheet date was OMR 4.82. Under a management agreement with NBO, the Bank is responsible for the day to day management of NBO affairs subject to the overall supervision of the NBO board. The movement in investment in associate was as follows:

	Figures in thousand Qatar Riyals		
	31-Mar-06 Reviewed	31-Mar-05 Reviewed	31-Dec-05 Audited
Balance at beginning of the period/year	1,251,304	-	-
Difference in exchange fluctuation	69	-	-
Acquired during the period	-	-	1,203,413
Less dividend received	(39,548)	-	-
Add share of profit before tax	20,925	-	79,064
Less share of tax (estimated)	(2,702)	-	(12,077)
Share of net profit after tax	18,223	-	66,987
Less share of pre-acquisition net profit after tax	-	-	(21,985)
Less amortization of intangible assets	(5,412)	-	-
Share of results of associate net of tax	12,811	-	45,002
Add share of post -acquisition revaluation reserve	(142)	-	2,889
Balance at end of the period/year	1,224,494	-	1,251,304

Information on the associate as at 31 March 2006 and for the three months period then ended is as follows:

Name	Country of incorporation	Assets	Liabilities	Revenue	Figures in Qatar Riyals	
					Profit(Loss)	% interest held
National Bank of Oman SAOG	Oman	2.9 billion	2.3 billion	40 million	18 million	34.85%

The Commercial Bank of Qatar Q S C
Notes to the Interim Condensed Consolidated Financial Statements
For the three months period ended 31 March 2006

10. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	Figures in thousand Qatar Riyals		
	31-Mar-06 Reviewed	31-Mar-05 Reviewed	31-Dec-05 Audited
Current accounts	59,633	38,372	61,745
Placements	394,717	343,806	1,273,657
Short term repurchase agreement borrowing (note 8)	375,486	-	368,831
Total	829,836	382,178	1,704,233

11. CUSTOMERS' DEPOSITS

	Figures in thousand Qatar Riyals		
	31-Mar-06 Reviewed	31-Mar-05 Reviewed	31-Dec-05 Audited
Demand and call deposits			
- Conventional banking	4,140,825	4,345,160	3,081,633
- Islamic banking	57,048	-	37,628
Savings deposits	531,264	427,377	451,160
Time deposits	9,264,923	4,633,614	9,486,000
Total	13,994,060	9,406,151	13,056,421

12. UNRESTRICTED INVESTMENT DEPOSITS OWNERS' EQUITY

	Figures in thousand Qatar Riyals		
	31-Mar-06 Reviewed	31-Mar-05 Reviewed	31-Dec-05 Audited
Saving deposits	35,831	-	21,452
Investment deposits	379,534	-	156,909
Total	415,365	-	178,361

13. PROFITS FROM INVESTMENT

	Figures in thousand Qatar Riyals	
	31-Mar-06 Reviewed	31-Mar-05 Reviewed
a) Profits from sale of investments		
- Available for sale	56,110	90,294
b) Differences in revaluation of investments		
- Held for trading	(73)	(58)
- Available for sale	(1,371)	(397)
Total	54,666	89,839

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14. GEOGRAPHICAL DISTRIBUTION

Figures in thousand Qatar Riyals

	Qatar	Other GCC countries	Europe	North America	Others	Total
As at 31 March 2006						
Cash and balances with Central Bank	1,003,562	-	-	-	17	1,003,579
Securities held for trading	-	1,438	11,864	-	-	13,302
Due from banks and financial institutions	167,968	2,830,008	1,149,270	112,262	518,792	4,778,300
Loans, advances and financing activities to customers	10,514,400	1,171,518	-	-	481,081	12,166,999
Investments securities	1,898,593	203,171	1,054,513	403,691	43,138	3,603,106
Investments in associate	-	1,224,494	-	-	-	1,224,494
Other assets	603,863	-	-	-	22,798	626,661
Total assets	14,188,386	5,430,629	2,215,647	515,953	1,065,826	23,416,441
Due to banks and financial institutions	252,868	82,365	457,095	22,932	14,576	829,836
Customer deposits	13,822,077	171,665	318	-	-	13,994,060
Other borrowed funds	-	2,329,600	-	-	-	2,329,600
Other liabilities	653,949	-	-	-	3,161	657,110
Unrestricted investment deposits owners' equity	419,408	-	-	-	-	419,408
Shareholders' equity	5,186,427	-	-	-	-	5,186,427
Total liabilities and shareholders' equity	20,334,729	2,583,630	457,413	22,932	17,737	23,416,441
As at 31 March 2005						
Cash and balances with Central Bank	605,797	-	-	-	16	605,813
Securities held for trading	-	1,594	11,992	-	-	13,586
Due from banks and financial institutions	40,745	1,935,482	889,094	271,720	278,177	3,415,218
Loans, advances and financing activities to customers	6,423,392	364,688	-	-	413,385	7,201,465
Investments securities	1,595,305	58,140	490,762	141,279	8,234	2,293,720
Other assets	574,962	-	-	-	18,532	593,494
Total assets	9,240,201	2,359,904	1,391,848	412,999	718,344	14,123,296
Due to banks and financial institutions	208,769	58,289	62,971	45,336	6,813	382,178
Customer deposits	9,311,463	94,582	106	-	-	9,406,151
Other borrowed funds	-	982,800	-	-	-	982,800
Other liabilities	393,451	-	-	-	-	393,451
Shareholders' equity	2,958,716	-	-	-	-	2,958,716
Total liabilities and shareholders' equity	12,872,399	1,135,671	63,077	45,336	6,813	14,123,296

15. INTEREST RATE RISK SENSIVITY

The Assets and Liabilities Management (ALM) process, managed through Assets and Liabilities Committee (ALCO), is used to manage interest rate risk associated with non-trading financial instruments. Interest rate risk represents the most significant market risk exposure to the Bank's non-trading financial instruments.

The Bank's goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect net interest income. Interest rate risk is measured as the potential volatility to the net interest rate income caused by changes in market interest rates. The Bank typically manages the interest rate risk of its non-trading financial instruments by segmenting these assets and liabilities into two broad portfolios: non-discretionary and discretionary. The non-discretionary portfolio consists of the Bank's customer driven loans and deposit positions and securities required to support regulatory requirements. To manage the resulting interest rate sensitivity of the Bank's non-discretionary portfolio, the Bank uses a discretionary portfolio of securities, long dated deposits, inter-bank takings and placements, and when warranted, derivatives. Strategically positioning the discretionary portfolio, the Bank largely manages the interest rate sensitivity in the non-discretionary portfolio.

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15. INTEREST RATE RISK SENSIVITY (cont'd)

The following table summarises the interest rate sensitivity position at 31 March 2006 of the Bank's assets, liabilities and off-balance sheet exposures:

Figures in thousand Qatar Riyals

	Upto 3 months	3-12 Months	1-5 Years	Non-interest Sensitive	Total Total	Effective Interest Rate
As at 31 March 2006						
Cash and deposits with Central Bank	330,000	-	-	673,579	1,003,579	
Securities held for trading	11,864	-	-	1,438	13,302	
Due from banks and financial institutions	3,615,131	734,366	24,763	404,040	4,778,300	4.46
Loans, advances and financing activities to customers	7,232,993	4,675,975	16,706	241,325	12,166,999	7.46
Investment securities	297,672	2,212,708	-	1,092,726	3,603,106	5.67
Investment in associate	-	-	-	1,224,494	1,224,494	
Other assets	-	-	-	626,661	626,661	
Total assets	11,487,660	7,623,049	41,469	4,264,263	23,416,441	
Due to banks and financial institutions	829,836	-	-	-	829,836	4.09
Customer deposits	12,894,039	862,425	180,548	57,048	13,994,060	3.96
Other borrowed funds	1,237,600	1,092,000	-	-	2,329,600	4.95
Other liabilities	-	-	-	657,110	657,110	
Unrestricted investment deposits owners' equity	-	-	-	419,408	419,408	
Shareholders' equity	-	-	-	5,186,427	5,186,427	
Total liabilities and shareholders' equity	14,961,475	1,954,425	180,548	6,319,993	23,416,441	
Balance sheet items gap	(3,473,815)	5,668,624	(139,079)	(2,055,730)	-	
Off-Balance sheet items gap	-	-	-	-	-	
Interest rate sensitivity gap	(3,473,815)	5,668,624	(139,079)	(2,055,730)	-	
Cumulative interest rate sensitivity gap	(3,473,815)	2,194,809	2,055,730	-	-	
As at 31 March 2005						
Cash and deposits with Central Bank	-	-	-	605,813	605,813	
Securities held for trading	1,594	-	11,992	-	13,586	
Due from banks and financial institutions	3,189,718	93,233	132,267	-	3,415,218	2.58
Loans, advances and financing activities to customers	3,718,274	2,477,169	1,006,022	-	7,201,465	6.40
Investment securities	221,880	-	834,772	1,237,068	2,293,720	5.14
Investment in associate	-	-	-	-	-	
Other assets	-	-	-	593,494	593,494	
Total assets	7,131,466	2,570,402	1,985,053	2,436,375	14,123,296	
Due to banks and financial institutions	357,178	25,000	-	-	382,178	2.14
Customer deposits	8,243,246	958,516	204,389	-	9,406,151	2.34
Other borrowed funds	-	982,800	-	-	982,800	3.15
Other liabilities	-	-	-	393,451	393,451	
Shareholders' equity	-	-	-	2,958,716	2,958,716	
Total liabilities and shareholders' equity	8,600,424	1,966,316	204,389	3,352,167	14,123,296	
Balance sheet items gap	(1,468,958)	604,086	1,780,664	(915,792)	-	
Off-Balance sheet items gap	-	-	-	-	-	
Interest rate sensitivity gap	(1,468,958)	604,086	1,780,664	(915,792)	-	
Cumulative interest rate sensitivity gap	(1,468,958)	(864,872)	915,792	-	-	

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17. OFF-BALANCE SHEET ITEMS

	31-Mar-06	Figures in thousand Qatar Riyals	
		31-Mar-05	31-Dec-05
a) <u>Deferred or contingent liabilities</u>	Reviewed	Reviewed	Audited
Acceptance	172,969	182,477	162,963
Guarantees	5,693,032	2,689,148	4,080,396
Letter of credit	1,424,856	966,275	1,603,110
Un-utilised credit facilities granted to customers	2,136,143	2,095,900	1,834,722
Certified cheques	10,413	40,608	12,550
	<u>9,437,413</u>	<u>5,974,408</u>	<u>7,693,741</u>
b) <u>Other undertakings and commitments</u>			
Foreign exchange contracts and derivatives in favour of the Bank and customers	1,739,602	557,905	1,481,862
Guaranteed investment funds	11,972	75,428	17,606
Portfolios and investments managed for others	58,240	58,240	58,240