



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
30 SEPTEMBER 2013

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CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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Independent auditors' report on review of condensed consolidated interim financial information to the Board of Directors of the Bank.

Introduction

We have reviewed the accompanying 30 September 2013 condensed consolidated interim financial information of Commercial Bank of Qatar Q.S.C. ("the Bank") and its subsidiaries (together "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2013;
- the condensed consolidated income statement for the three and nine months ended 30 September 2013;
- the condensed consolidated statement of comprehensive income for the three and nine months ended 30 September 2013;
- the condensed consolidated statement of changes in equity for the nine months ended 30 September 2013;
- the condensed consolidated statement of cash flows for the nine months ended 30 September 2013; and
- notes to the condensed consolidated interim financial information

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' and applicable provisions of the Qatar Central Bank regulations. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 and consequently 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 30 September 2013 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' and applicable provisions of the Qatar Central Bank regulations.

Other matter

The 30 September 2012 condensed consolidated interim financial information was reviewed, and the consolidated financial statements as at and for the year ended 31 December 2012 were audited, by another auditor whose reports dated 22 October 2012 and 27 January 2013 respectively expressed an unmodified review conclusion and an unmodified audit opinion.

30 October 2013
Doha
State of Qatar

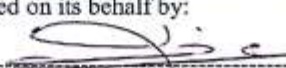

Gopal Balasubramaniam
KPMG
Qatar Auditors Registry Number 251

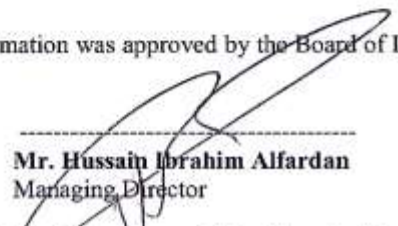
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

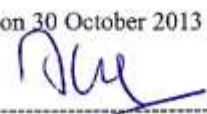
QAR '000s

	Notes	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
ASSETS				
Cash and balances with central bank		5,747,588	4,107,374	3,448,128
Due from banks		11,078,249	5,113,000	9,731,562
Loans and advances to customers	5	64,890,619	48,681,485	48,594,475
Investment securities	6	14,252,482	11,587,998	11,162,179
Investment in associates	7	4,116,600	3,983,619	4,054,157
Property and equipment	8	1,266,729	1,122,068	1,197,069
Intangible assets	21	1,005,965	-	-
Other assets		2,898,332	1,999,871	1,850,182
TOTAL ASSETS		105,256,564	76,595,415	80,037,752
LIABILITIES				
Due to banks	9	13,514,305	6,430,156	9,855,682
Customers' deposits	10	57,709,271	41,700,218	41,385,546
Debt securities	11	9,944,339	8,693,890	8,705,816
Other borrowings	12	6,179,321	3,470,304	3,471,515
Other liabilities		3,532,351	1,799,565	1,679,815
TOTAL LIABILITIES		90,879,587	62,094,133	65,098,374
EQUITY				
Share capital	13	2,474,464	2,474,464	2,474,464
Legal reserve		8,740,540	8,740,540	8,740,540
General reserve		26,500	26,500	26,500
Risk reserve		1,565,800	913,300	924,600
Fair value reserves		(152,577)	122,110	163,225
Foreign currency translation reserve		(76,334)	-	-
Other reserves		752,850	605,521	673,604
Other equity	21	(589,784)	-	-
Proposed dividend	14	-	-	1,484,678
Retained earnings		1,036,101	1,618,847	451,767
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		13,777,560	14,501,282	14,939,378
Non-Controlling Interests		599,417	-	-
TOTAL EQUITY		14,376,977	14,501,282	14,939,378
TOTAL LIABILITIES AND EQUITY		105,256,564	76,595,415	80,037,752

The condensed consolidated interim financial information was approved by the Board of Directors on 30 October 2013 and was signed on its behalf 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 22 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

	Notes	Three months ended		Nine months ended	
		30-Sep-13 Reviewed	30-Sep-12 Reviewed	30-Sep-13 Reviewed	30-Sep-12 Reviewed
Interest income		1,067,997	740,339	2,491,660	2,175,181
Interest expense		(425,167)	(278,210)	(935,199)	(771,563)
Net interest income		642,830	462,129	1,556,461	1,403,618
Fee and commission income		192,314	172,198	590,177	540,410
Fee and commission expense		(47,769)	(38,301)	(117,600)	(126,563)
Net fee and commission income		144,545	133,897	472,577	413,847
Foreign exchange gain		32,708	42,691	111,885	115,882
Income from investment securities		(35,191)	127,892	165,858	212,381
Other operating income	15	36,425	12,214	112,513	39,005
Net operating income		821,317	778,823	2,419,294	2,184,733
Staff costs		(205,895)	(127,551)	(470,373)	(374,868)
Depreciation		(40,275)	(32,682)	(105,603)	(91,447)
Impairment loss on investment securities		(56,566)	(8,154)	(77,315)	(34,842)
Net impairment loss on loans and advances to customers		(174,198)	(34,538)	(368,106)	(66,373)
Other expenses		(158,688)	(93,883)	(334,695)	(242,660)
Profit before share of results of associates		185,695	482,015	1,063,202	1,374,543
Share of results of associates		95,550	66,079	241,943	190,463
Profit for the period		281,245	548,094	1,305,145	1,565,006
Attributable to:					
Equity holders of the Bank		280,880	548,094	1,304,780	1,565,006
Non-Controlling Interests		365	-	365	-
Profit for the period		281,245	548,094	1,305,145	1,565,006
Earnings per share					
Basic earnings per share (QAR per share)	16	1.14	2.22	5.27	6.32

The attached notes 1 to 22 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

	Notes	Three months ended		Nine months ended	
		30-Sep-13 Reviewed	30-Sep-12 Reviewed	30-Sep-13 Reviewed	30-Sep-12 Reviewed
Profit for the period		281,245	548,094	1,305,145	1,565,006
Other comprehensive income for the period:					
Items that are, or may subsequently be, reclassified to profit or loss:					
Foreign currency translation differences for foreign operation		(76,334)	-	(76,334)	-
Share of other comprehensive income of investment in associates		5,009	(1,601)	(16,803)	8,262
Net movement in fair value of available-for-sale investments:					
- Change in fair value		(39,623)	107,800	(243,781)	282,226
- Amount transferred to profit and loss		2,170	(63,326)	(55,218)	(99,830)
Other comprehensive income for the period		(108,778)	42,873	(392,136)	190,658
Total comprehensive income for the period		172,467	590,967	913,009	1,755,664
				-	
Attributable to:					
Equity holders of the Bank		172,102	590,967	912,644	1,755,664
Non-Controlling Interests		365	-	365	-
Total comprehensive income for the period		172,467	590,967	913,009	1,755,664

The attached notes 1 to 22 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Other Equity	Retained earnings		Total equity attributable to equity holders of the Bank	Non-Controlling Interests	Total equity
									Proposed dividend	Others			
Balance as at 1 January 2013	2,474,464	8,740,540	26,500	924,600	163,225	-	673,604	-	1,484,678	451,767	14,939,378	-	14,939,378
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	1,304,780	1,304,780	365	1,305,145
Other comprehensive loss	-	-	-	-	(315,802)	(76,334)	-	-	-	-	(392,136)	-	(392,136)
Total comprehensive income for the period	-	-	-	-	(315,802)	(76,334)	-	-	-	1,304,780	912,644	365	913,009
Transfer to risk reserve	-	-	-	641,200	-	-	-	-	-	(641,200)	-	-	-
Net movement in other reserves	-	-	-	-	-	-	79,246	-	-	(79,246)	-	-	-
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders:													
Dividends for the year 2012	14	-	-	-	-	-	-	-	(1,484,678)	-	(1,484,678)	-	(1,484,678)
Put option on Non-Controlling Interests	21	-	-	-	-	-	-	(589,784)	-	-	(589,784)	-	(589,784)
Net movement in Non-Controlling Interests		-	-	-	-	-	-	-	-	-	-	599,052	599,052
Total contributions by and distributions to equity holders		-	-	-	-	-	-	(589,784)	(1,484,678)	-	(2,074,462)	599,052	(1,475,410)
Balance as at 30 September 2013	2,474,464	8,740,540	26,500	1,565,800	(152,577)	(76,334)	752,850	(589,784)	-	1,036,101	13,777,560	599,417	14,376,977

The attached notes 1 to 22 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

Notes	Share capital	Legal reserve	General reserve	Risk reserve	Fair value reserves	Foreign currency translation reserve	Other reserves	Other equity	Retained earnings		Total equity attributable to equity holders of the Bank	Non-Controlling Interests	Total equity
									Proposed dividend	Other			
Balance as at 1 January 2012	2,474,464	8,740,540	26,500	805,600	(68,548)	-	556,456	-	1,484,678	210,606	14,230,296	-	14,230,296
Total comprehensive income for the period													
Profit for the period	-	-	-	-	-	-	-	-	-	1,565,006	1,565,006	-	1,565,006
Other comprehensive income	-	-	-	-	190,658	-	-	-	-	-	190,658	-	190,658
Total comprehensive income for the period	-	-	-	-	190,658	-	-	-	-	1,565,006	1,755,664	-	1,755,664
Transfer to risk reserve	-	-	-	107,700	-	-	-	-	-	(107,700)	-	-	-
Net movement in other reserves	-	-	-	-	-	-	49,065	-	-	(49,065)	-	-	-
Transactions with equity holders, recognised directly in equity													
Contributions by and distributions to equity holders:													
Dividends for the year 2011	14	-	-	-	-	-	-	-	(1,484,678)	-	(1,484,678)	-	(1,484,678)
Total contributions by and distributions to equity holders		-	-	-	-	-	-	-	(1,484,678)	-	(1,484,678)	-	(1,484,678)
Balance as at 30 September 2012	2,474,464	8,740,540	26,500	913,300	122,110	-	605,521	-	-	1,618,847	14,501,282	-	14,501,282

The attached notes 1 to 22 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

	Nine months ended		Year ended
	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
Cash flows from operating activities			
Profit for the period/year	1,305,145	1,565,006	2,012,294
<i>Adjustments for:</i>			
Net impairment loss on loans and advances to customers	368,106	66,373	139,944
Impairment loss on investment securities	77,315	34,842	61,917
Depreciation	105,603	91,447	121,948
Amortization of transaction costs for borrowings	16,442	15,001	20,527
Gain on investment securities at fair value through profit or loss	(54,558)	-	(2,664)
Net gain on disposal of available-for-sale securities	(209,151)	(187,123)	(337,161)
Gain on disposal of property and equipment	-	-	(364)
Gain on disposal of other assets	(31,944)	-	-
Share of results of associates	(241,943)	(190,463)	(258,546)
Operating profit before working capital changes	1,335,015	1,395,083	1,757,895
Working capital changes			
Change in due from banks	(597,641)	(1,748,701)	(2,186,297)
Change in loans and advances to customers	(5,045,791)	(7,134,054)	(7,022,636)
Change in other assets	(189,891)	(651,471)	(475,217)
Change in due to banks	609,021	597,245	597,752
Change in customer deposits	8,432,845	3,711,535	3,396,863
Change in other liabilities	210,986	568,361	300,325
Contribution to social and sports activities support fund	(50,307)	(47,099)	(47,099)
	3,369,222	(4,704,184)	(5,436,309)
Net cash from / (used in) operating activities	4,704,237	(3,309,101)	(3,678,414)
Cash flows from investing activities			
Acquisition of investment securities	(6,403,256)	(4,877,004)	(7,031,632)
Dividend received from associates	162,697	141,398	141,398
Acquisition of a subsidiary, net of cash acquired	(1,112,788)	-	-
Proceeds from sale/maturity of investment securities	5,813,406	5,378,500	8,101,244
Acquisition of property and equipment	(139,702)	(146,209)	(248,690)
Proceeds from the sale of property and equipment	151,000	-	365
Net cash (used in) / from investing activities	(1,528,643)	496,685	962,685
Cash flows from financing activities			
Proceeds from issue of debt securities	-	1,792,195	1,791,934
Repayment of other borrowings	(274,754)	(2,366,000)	(2,366,000)
Proceeds from other borrowings	(323,472)	1,649,944	1,650,219
Dividends paid	(1,484,678)	(1,484,678)	(1,484,678)
Net cash used in financing activities	(2,082,904)	(408,539)	(408,525)
Net increase (decrease) in cash and cash equivalents	1,092,690	(3,220,955)	(3,124,254)
Cash and cash equivalents as at 1 January	703,465	3,827,719	3,827,719
Cash and cash equivalents at the end of the period/year (note 18)	1,796,155	606,764	703,465
Operational cash flows from interest and dividend:			
Interest paid	754,266	568,087	1,002,400
Interest received	2,192,871	2,058,072	2,872,323
Dividend received	17,976	25,258	26,147

The attached notes 1 to 22 form an integral part of this condensed consolidated interim financial information.

1. REPORTING ENTITY

The Commercial Bank of Qatar (Q.S.C.) (“the Bank”) is an entity domiciled in the State of Qatar and was incorporated in 1975 as a public shareholding company under Emiri Decree No.73 of 1974. The commercial registration of the Bank is 150. The address of the Bank’s registered office is PO Box 3232, Doha, State of Qatar. The condensed consolidated interim financial information of the Bank comprises the Bank and its subsidiaries (together referred to as “the Group”). The Group is primarily engaged in conventional banking, brokerage services and credit card business and operates through its head office and branches established in the State of Qatar.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed consolidated interim financial information has been prepared in accordance with IAS 34, Interim Financial Reporting and the applicable provisions of Qatar Central Bank (“QCB”) regulations.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2012. The results for the nine months ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

(b) Estimates and judgements

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2012.

(c) Financial risk management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated interim financial information are the same as those followed in the preparation of the Group's consolidated financial statements as at and for the year ended 31 December 2012, except as noted below:

(a) During the period, the Group has adopted the following standards effective for the annual period beginning on or after 1 January 2013. The new standards do not have any material impact to the Group, but they will result in extensive additional disclosures:

- IAS 1 (amendment) - Presentation of items of other comprehensive income
- IAS 28 (2011) – Investment in Associates and Joint ventures
- Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)
- IFRS 10 - Consolidated financial statements and IAS 27 Separate Financial Statements (2011)
- IFRS 11 – Joint Arrangements
- IFRS 12 - Disclosures of interests in other entities
- IFRS 13 - Fair value measurement

(b) **Financial liabilities at fair value**

(i) Non-Controlling Interests (NCI)

In accordance with IFRS 3R, for each business combination, the acquirer can measure, at the acquisition date, components of NCI in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at either:

(a) fair value on the acquisition date; or

(b) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

NCI is measured only on initial recognition.

The Group measures the NCI at fair value, including its share of goodwill.

(ii) Put option on Non-Controlling Interests (NCI)

The fair value of put option on the NCI is based on the present value of the redemption amount in accordance with IAS 32 as a liability regardless of the probability of exercise, as this is not within the Group's control. This put option does not affect the goodwill and NCI valuation as it is recorded separately within equity. If the put option expired without exercising, this recorded value would be reversed.

Puttable instruments on NCI relating to the acquisition of Alternatifbank A.S. ("ABank") are initially recognised at fair value as a liability and the debit is recognised as 'Other Equity'. Subsequent changes in the fair value are recognised through equity. The fair value of the put option on the NCI is based on the present value of the redemption amount, calculated using discounted cash flow techniques, as if the puttable instrument had been exercised at the reporting date.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

4. SEGMENT INFORMATION

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. For Management purposes, the Group is divided into four operating segments, which are based on business lines, its subsidiaries and associates companies. During the reporting period the Group acquired a majority stake in Alternatifbank A.S. ("ABank") in Turkey. The following table summarizes performance of the operating segments:

30 September 2013	Commercial Bank			Subsidiaries			Total
	Wholesale Banking	Retail Banking	Total Commercial Bank	ABank	Others	Unallocated	
Net interest income	917,877	474,423	1,392,300	165,649	1,902	(3,390)	1,556,461
Net fee, commission and other income	644,221	200,717	844,938	(22,955)	6,485	34,365	862,833
Segmental revenue	1,562,098	675,140	2,237,238	142,694	8,387	30,975	2,419,294
Impairment loss on investment securities	(77,315)	-	(77,315)	-	-	-	(77,315)
Net impairment loss on loans and advances to customers	(294,147)	(19,303)	(313,450)	(52,419)	(2,237)	-	(368,106)
Segmental profit			1,107,311	1,422	(7,050)	(38,481)	1,063,202
Share of results of associates							241,943
Net profit for the year							1,305,145
Other information							
Assets	65,221,688	14,705,510	79,927,198	16,700,339	350,233	4,162,194	101,139,964
Investments in associates	-	-	-	-	-	-	4,116,600
Liabilities	60,907,282	12,863,142	73,770,424	15,610,739	171,969	1,326,455	90,879,587
Contingent items	29,855,737	941,449	30,797,186	-	-	-	30,797,186

Intra-group transactions are eliminated from this segmental information (Assets: QAR 834 million, Liabilities: QAR 749 million)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

4. SEGMENT INFORMATION (Continued)

30 September 2012

	Commercial Bank			Subsidiaries			Total
	Wholesale Banking	Retail Banking	Total Commercial Banking	ABank	Others	Unallocated	
Net interest income	1,032,654	373,388	1,406,042	-	2,098	(4,522)	1,403,618
Net fee, commission and other income	555,645	196,625	752,270	-	4,913	23,932	781,115
Segmental revenue	1,588,299	570,013	2,158,312	-	7,011	19,410	2,184,733
Impairment loss on investment securities	(34,842)	-	(34,842)	-	-	-	(34,842)
Net impairment loss on loans and advances to customers	(56,578)	(10,073)	(66,651)	-	278	-	(66,373)
Segmental profit			1,383,391	-	(4,122)	(4,726)	1,374,543
Share of results of associates							190,463
Net profit for the period							1,565,006
Other information							
Assets	58,742,666	11,634,677	70,377,343	-	256,547	1,977,906	72,611,796
Investments in associates	-	-	-	-	-	-	3,983,619
Liabilities	49,968,354	12,048,391	62,016,745	-	23,635	53,753	62,094,133
Contingent items	18,237,630	1,050,558	19,288,188	-	100,000	-	19,388,188

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

5. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprises:

	30-Sep-13	30-Sep-12	31-Dec-12
	Reviewed	Reviewed	Audited
Loans	63,077,176	47,385,950	46,996,364
Overdrafts	2,514,934	1,837,888	1,861,600
Bills discounted	235,507	269,709	278,533
Bankers acceptances	323,840	242,776	285,442
	66,151,457	49,736,323	49,421,939
Deferred profit	(95,185)	(499,573)	(200,652)
Specific impairment of loans and advances to customers	(827,574)	(338,347)	(359,992)
Collective impairment allowance	(338,079)	(216,918)	(266,820)
Net loans and advances to customers*	64,890,619	48,681,485	48,594,475

*This includes the provisional fair value of loans and advances of QAR 754 million in relation to the ABank acquisition (refer note 21).

The aggregate amount of non-performing loans and advances to customers at 30 September 2013 amounted to QAR 2,184 million which represents 3.31% of total loans and advances to customers (30 September 2012: QAR 440 million, 0.89% of total loans and advances to customers; 31 December 2012: QAR 539 million, 1.09% of total loans and advances to customers).

Allowance for impairment includes QAR 147 million of interest in suspense (30 September 2012: QAR 89 million; 31 December 2012: QAR 98 million).

6. INVESTMENT SECURITIES

Investment securities comprise the following:

	30-Sep-13	30-Sep-12	31-Dec-12
	Reviewed	Reviewed	Audited
Available-for-sale	13,833,798	8,370,979	7,891,087
Held to maturity	-	3,217,019	3,213,828
Investment securities designated at fair value through income statement	418,684	-	57,264
Total*	14,252,482	11,587,998	11,162,179

*This includes the provisional fair value of investment securities of QAR 12 million in relation to the ABank acquisition (refer note 21).

The carrying value of investment securities pledged under Repurchase agreements (REPO) is QAR 4,604 million (30 September 2012: QAR 1,954 million; 31 December 2012: QAR 1,968 million).

As result of the sale on 6 June 2013 of one of the securities in the "Held to Maturity" (HTM) investment Portfolio by the Group, the remainder of the portfolio was reclassified to the "Available for Sale" (AFS) category in line with IFRS requirements. At 30 June 2013 the carrying amount of QAR 2,611 million, previously held in HTM by the Group has been transferred to AFS at fair value of QAR 2,641 million and the resulting gain of QAR 30 million has been transferred to the fair value reserve in Equity.

7. INVESTMENT IN ASSOCIATES

The Group's investment in associates are as follows:

Associate entity	Country of incorporation	Carrying Value and % interest held					
		30-Sep-13		30-Sep-12		31-Dec-12	
		Reviewed	%	Reviewed	%	Audited	%
a) National Bank of Oman SAOG	Oman	1,643,895	34.9%	1,572,032	34.9%	1,604,243	34.9%
b) United Arab Bank PJSC	UAE	2,457,113	40.0%	2,397,812	40.0%	2,435,883	40.0%
c) Asteco Qatar L.L.C.	Qatar	1,877	30.0%	1,877	30.0%	1,906	30.0%
d) Gekko L.L.C.	Qatar	-	-	-	50.0%	-	50.0%
e) Massoun Insurance Services L.L.C.	Qatar	13,715	50.0%	11,898	50.0%	12,125	50.0%
Balance at the end of the period/year		4,116,600		3,983,619		4,054,157	

Gekko L.L.C is in the process of being liquidated which is expected to be completed during the fourth quarter of 2013. The Bank has fully written off its investment and has provided its share of losses in the company as at 30 September 2013.

8. PROPERTY AND EQUIPMENT

Acquisitions and disposals

During the nine months ended 30 September 2013, the Group acquired assets with a cost of QAR 140 million (30 September 2012: QAR 146 million; year ended 31 December 2012: QAR 249 million).

There were no disposals made by the Group during the nine months ended 30 September 2013 and 30 September 2012 and during year ended 31 December 2012.

9. DUE TO BANKS

	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
Balances due to central banks	-	70,980	16,380
Current accounts	753,389	345,841	583,485
Placements with banks	8,307,078	4,265,280	7,507,255
Repurchase agreements with banks	4,453,838	1,748,055	1,748,562
Total	13,514,305	6,430,156	9,855,682

10. CUSTOMERS' DEPOSITS

	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
Current and call deposits	15,129,155	14,853,948	14,845,171
Saving deposits	3,942,616	3,108,846	3,692,906
Time deposits	38,637,500	23,737,424	22,847,469
Total*	57,709,271	41,700,218	41,385,546

*This includes the provisional fair value of customers' deposits of QAR 187 million in relation to the ABank acquisition (refer note 21).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
AS AT AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

QAR '000s

11. DEBT SECURITIES

	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
EMTN programme – senior notes	1,799,790	1,794,642	1,796,024
Senior notes	4,307,355	3,621,235	3,623,332
Subordinated notes	2,687,270	2,155,160	2,155,929
CHF fixed rate bonds	1,149,924	1,122,853	1,130,531
Total	<u>9,944,339</u>	<u>8,693,890</u>	<u>8,705,816</u>

The table below shows the maturity profile of debt securities:

	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
Up to 1 year	603,864	-	-
Between 1 and 3 years	4,853,415	3,621,235	4,753,863
Over 3 years	4,487,060	5,072,655	3,951,953
Total	<u>9,944,339</u>	<u>8,693,890</u>	<u>8,705,816</u>

12. OTHER BORROWINGS

	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
Bilateral loans	4,524,087	1,817,857	1,818,345
Club loan	1,655,234	1,652,447	1,653,170
Total*	<u>6,179,321</u>	<u>3,470,304</u>	<u>3,471,515</u>

*This includes the provisional fair value of other borrowings of QAR 207 million in relation to the ABank acquisition (refer note 21).

The table below shows the maturity profile of other borrowings:

	30-Sep-13 Reviewed	30-Sep-12 Reviewed	31-Dec-12 Audited
Up to 1 year	5,818,385	362,811	1,818,345
Between 1 and 3 years	360,936	3,107,493	1,653,170
Total	<u>6,179,321</u>	<u>3,470,304</u>	<u>3,471,515</u>

13. SHARE CAPITAL

	30-Sep-13	30-Sep-12	31-Dec-12
	Reviewed	Reviewed	Audited
Number of shares (Nominal value of ordinary shares QAR 10 each)	<u>247,446,372</u>	<u>247,446,372</u>	<u>247,446,372</u>
Issued and paid up capital (in thousands of Qatar Riyals)	<u>2,474,464</u>	<u>2,474,464</u>	<u>2,474,464</u>

14. PROPOSED DIVIDEND

A cash dividend of 60% (or QAR 6 per share) relating to the year ended 31 December 2012 (2011: QAR 6 per share), amounting to QAR 1,485 million (2011: QAR 1,485 million), was approved for distribution to shareholders at the Annual General Assembly held on 26 February 2013.

15. OTHER OPERATING INCOME

Land acquired as repossessed collateral with a carrying amount of QAR 119 million was sold during the second quarter of 2013 resulting in a net gain of QAR 32 million; this gain has been included in other operating income. Other operating income also includes a recovery of QAR 11 million against previously written off loans and QAR 30 million for rental income.

16. EARNINGS PER SHARE

	Three months ended		Nine months ended	
	30-Sep-13 Reviewed	30-Sep-12 Reviewed	30-Sep-13 Reviewed	30-Sep-12 Reviewed
Basic and diluted				
Net profit for the period in thousand QAR	280,880	548,094	1,304,780	1,565,006
Weighted average number of outstanding shares in thousands	247,446	247,446	247,446	247,446
Earnings per share (QAR)	1.14	2.22	5.27	6.32

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

	Three months ended		Nine months ended	
	30-Sep-13 Reviewed	30-Sep-12 Reviewed	30-Sep-13 Reviewed	30-Sep-12 Reviewed
Qualifying shares at the beginning of the period	247,446	247,446	247,446	247,446
Weighted average number of shares for the period	247,446	247,446	247,446	247,446

17. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	30-Sep-13	30-Sep-12	31-Dec-12
	Reviewed	Reviewed	Audited
a) Contingent liabilities			
Unused facilities	7,470,052	5,459,493	5,326,125
Guarantees	18,121,428	10,798,758	12,048,098
Letters of credit	5,205,706	3,129,937	7,541,840
Total	30,797,186	19,388,188	24,916,063
b) Other commitments			
Forward foreign exchange contracts and derivatives at notional value	36,765,146	7,607,693	8,266,187
Capital commitments	492,749	473,000	393,822
Total	37,257,895	8,080,693	8,660,009

18. CASH AND CASH EQUIVALENTS

	30-Sep-13	30-Sep-12	31-Dec-12
	Reviewed	Reviewed	Audited
Cash and balances with Central Bank *	2,095,610	1,880,491	1,457,495
Due from banks up to 90 days	9,216,110	3,408,374	7,353,090
Due to banks up to 90 days	(9,515,565)	(4,682,101)	(8,107,120)
	1,796,155	606,764	703,465

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

19. VALUATION OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	<u>Level 1</u>	<u>Level 2</u>	<u>Carrying amount</u>
30 September 2013			
Derivative assets	-	568,504	568,504
Investment securities	3,566,056	10,328,713	14,252,482
	3,566,056	10,897,217	14,820,986
Derivative liabilities	-	465,422	465,422
	-	465,422	465,422
 31 Dec 2012			
Derivative assets	-	431,202	431,202
Investment securities	431,268	7,064,489	7,948,351
	431,268	7,495,691	8,379,553
Derivative liabilities	-	349,958	349,958
	-	349,958	349,958

All unquoted available for sale equities and investment funds are recorded at fair value except for investments with a carrying value of QAR 358 million (31 December 2012: QAR 453 million), which are recorded at cost since their fair value cannot be reliably estimated.

20. RELATED PARTY DISCLOSURE

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

	30-Sep-13	30-Sep-12	31-Dec-12
	Reviewed	Reviewed	Audited
Board members			
- Loans, advances and financing activities (a)	2,201,046	2,611,339	2,604,579
- Deposits	475,011	368,835	331,283
- Contingent liabilities and other commitments	45,302	31,341	29,507
- Interest and fee income	11,776	21,596	28,126
- Interest paid on deposits accounts of board members	7,078	7,084	10,788
- Remuneration, meeting attendance fees and salaries paid to board members	4,330	4,010	46,080
Associated companies			
- Associates' deposits with the Group	576,080	182,084	455,435
- Bank's deposits with the associates	364,648	281,798	456,520
- Associates contingent liabilities to the Group	305,729	298,061	298,695
Senior management compensation/Transaction			
- Fixed remuneration and other benefits	70,011	50,295	70,279
- Loans and advances (b)	21,411	23,188	24,004

- (a) A significant portion of the loans, advances and financing activities' balance at 30 September 2013 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 honoured as arranged.
- (b) No impairment losses have been recorded against balances outstanding during the period with senior management, and no specific allowance has been made for impairment losses on balances with senior management at the period end.

21. BUSINESS COMBINATION

On 18 July 2013, the Group acquired 70.84% of the ordinary shares and voting interest in Alternatifbank A.S. ("ABank") and obtained control of ABank. Further, on 27 September 2013, the Group acquired an additional equity interest of 3.40%, increasing the total equity interest in ABank from 70.84% to 74.24%. The acquisition was accounted for using the acquisition method of accounting.

The acquisition is an important step in the Bank's strategy to expand its footprint in retail and corporate banking outside the Gulf Cooperation Council (GCC) region and provides a suitable entry point into a key strategic market with strong growth prospects and a fast-expanding banking sector.

During the period following the acquisition to 30 September 2013, ABank has contributed net operating income of QAR 142.69 million and net profit of QAR 1.42 million to the Group results. Management estimates that if the acquisition had occurred on 1 January 2013, then consolidated net operating income and consolidated net profit of the Group for the nine months ended 30 September 2013 would have been QAR 2.95 billion and QAR 1.40 billion respectively. In determining these amounts, management has assumed that the provisional fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2013.

The assets and liabilities acquired are required to be measured at their acquisition-date fair values. The following fair values of the identifiable assets and liabilities have been recognised on a provisional basis, as the Group is in the process of finalising the Purchase Price Allocation exercise.

	30-Sep-13 Reviewed
ABank's net book value before fair value adjustments (100%)	1,155,941
Fair value adjustment of identifiable assets and liabilities	227,696
Intangible assets	600,515
Fair value of identifiable assets and liabilities	1,984,152
Cash consideration transferred	1,697,037
Hedge cost	93,513
Total consideration	1,790,550
Non-Controlling Interest	599,052
Goodwill	405,450

If any new information is obtained about the facts and circumstances that existed at the acquisition date that identifies any adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised accordingly.

The goodwill is mainly attributable to expected synergies that will be achieved from combining ABank with the existing Group banking businesses as ABank has been identified as a cash generating unit. None of the goodwill recognised is expected to be deductible for tax purposes.

Intangible assets include customer relationships from commercial and retail loans, core deposits, brand name and internally developed software; each intangible asset is amortised over the estimated lives.

21. BUSINESS COMBINATION (continued)

The breakdown of the fair value adjustments of identifiable assets and liabilities is as follows:

	30-Sep-13 Reviewed
Assets	
Loans and advance to customers	754,633
Investment securities	12,445
Repossessed property	42,379
	809,457
Liabilities	
Due to customers	187,454
Other borrowed funds	207,170
Deferred tax	187,137
	581,761
Net fair value adjustment of identifiable assets and liabilities	227,696

Other Equity - Put option

A put option is held by the non-controlling shareholder of ABank. Although the Group considers there is only a small likelihood of the put option being exercised, IAS 32 Financial Instruments - Presentation requires the present value of the potential amount payable to be recognized as a liability regardless of the probability of exercise of the put option, as this is not within the Group's control.

22. COMPARATIVES

Certain amounts in the prior period condensed consolidated interim financial information and supporting note disclosures have been reclassified to conform to the current period condensed consolidated interim financial information format and minimum disclosures in line with 2012 year-end consolidated financial statements as prescribed by the Qatar Central Bank (QCB). However, such reclassifications were not material and did not have an impact on the previously reported consolidated net profit, other comprehensive income or the equity for the comparative period.

For the 2012 year-end consolidated financial statements, QCB required all banks to bring acceptances onto the consolidated statement of financial position. The Group concluded that it was also appropriate to make the change for the prior period reported numbers. As a result, the comparatives in the condensed consolidated statement of financial position have been restated to include bankers acceptances. The Group has also revised the condensed consolidated statement of financial position as at 30 September 2012. The table below details the effect of the adjustments:

	<i>As previously reported</i>	<i>Effect of adjustments</i>	<i>After adjustments</i>
Net loans and advances to customers	<u>48,438,709</u>	<u>242,776</u>	<u>48,681,485</u>
Other liabilities	<u>1,556,789</u>	<u>242,776</u>	<u>1,799,565</u>
Total assets	<u>76,352,639</u>	<u>242,776</u>	<u>76,595,415</u>
Total liabilities	<u>61,851,357</u>	<u>242,776</u>	<u>62,094,133</u>