

The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

31 March 2013 (Unaudited)

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF COMMERCIAL BANK OF KUWAIT S.A.K

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Commercial Bank of Kuwait S.A.K ("the Parent Bank") and its subsidiaries (together called "the Group") as of 31 March 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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 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 interim condensed consolidated financial information is not prepared in all material respects in accordance with the basis of presentation set out in Note 2.

Report on other Legal and Regulatory Requirements

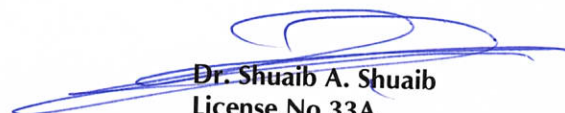
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Bank, and we have not become aware of any material violations of the Companies Law No. 25 of 2012, or of the Articles of Association of the Parent Bank have occurred during the period ended 31 March 2013 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business, and its related regulations.



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Deloitte & Touche
Al-Fahad Al-Wazzan & Co.

Kuwait
08 April 2013




Dr. Shuaib A. Shuaib
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013 (Unaudited)

	Note	31 March 2013 KD 000's	(Audited) 31 December 2012 KD 000's	31 March 2012 KD 000's
ASSETS				
Cash and short term funds	5	301,781	253,765	238,328
Treasury and Central Bank bonds		418,512	444,195	471,035
Due from banks and other financial institutions	6	432,949	373,033	463,082
Loans and advances	7	2,194,874	2,127,733	2,181,956
Investment securities	8	399,067	395,123	378,155
Investment in an associate		2,388	3,228	9,663
Premises and equipment		24,827	25,768	26,388
Goodwill and other intangible assets		9,940	9,940	18,222
Other assets		48,049	35,311	12,458
TOTAL ASSETS		3,832,387	3,668,096	3,799,287
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		823,679	817,294	855,524
Customer deposits		2,397,370	2,257,288	2,371,094
Other liabilities		55,173	40,492	52,878
TOTAL LIABILITIES		3,276,222	3,115,074	3,279,496
EQUITY				
Equity attributable to shareholders of the Parent Bank				
Share capital		127,202	127,202	127,202
Treasury shares		(203)	(75)	(75)
Reserves		312,141	309,667	277,272
Retained earnings		116,031	115,262	114,472
Non-controlling interests		555,171	552,056	518,871
		994	966	920
TOTAL EQUITY		556,165	553,022	519,791
TOTAL LIABILITIES AND EQUITY		3,832,387	3,668,096	3,799,287

The interim condensed consolidated financial information has been approved for issue by the Board of Directors on 08 April 2013 and signed on their behalf by:


 Ali Mousa M. Al Mousa
 Chairman & Managing Director


 Nuhad Saliba
 Chief Executive Officer

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.


INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Period ended 31 March 2013 (Unaudited)

	Note	Three months ended 31 March	
		2013 KD 000's	2012 KD 000's
Interest income	9	25,809	28,891
Interest expense		(4,863)	(8,652)
NET INTEREST INCOME		20,946	20,239
Fees and commissions		6,647	7,052
Net gain from dealing in foreign currencies		996	730
Net (loss) gain from investment securities		(256)	137
Gain on disposal of assets pending sale		1,989	-
Dividend income		1,271	1,383
Share of result from an associate		218	-
Other operating income		324	190
OPERATING INCOME		32,135	29,731
Staff expenses		(4,230)	(4,346)
General and administrative expenses		(2,941)	(2,942)
Depreciation and amortisation		(223)	(40)
OPERATING EXPENSES		(7,394)	(7,328)
OPERATING PROFIT BEFORE PROVISIONS		24,741	22,403
Impairment and other provisions	10	(23,934)	(22,067)
PROFIT BEFORE TAXATION		807	336
Taxation		(7)	(8)
NET PROFIT FOR THE PERIOD		800	328
Attributable to:			
Shareholders of the Parent Bank		769	329
Non-controlling interests		31	(1)
		800	328
Basic and diluted earnings per share attributable to shareholders of the Parent Bank (fils)	11	0.6	0.3

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.


INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 Period ended 31 March 2013 (Unaudited)

	Three months ended 31 March	
	2013 KD 000's	2012 KD 000's
Net profit for the period	800	328
OTHER COMPREHENSIVE INCOME:		
Changes in fair value of investment securities	3,673	(12,229)
Net gain on disposal / impairment of investment securities	638	331
Share of other comprehensive loss of an associate	(1,058)	(28)
	3,253	(11,926)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	4,053	(11,598)
Attributable to:		
Shareholders of the Parent Bank	4,025	(11,605)
Non-controlling interests	28	7
	4,053	(11,598)

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 Period ended 31 March 2013 (Unaudited)

	KD 000's											
	Attributable to shareholders of the Parent Bank											
	Share Capital	Treasury Shares	Share Premium	Statutory Reserve	General Reserve	Treasury Shares Reserve	Property Revaluation Reserve	Investment Valuation Reserve	Total Reserves	Retained Earnings	Non-controlling Interests	Total
Balance at 1 January 2012	127,202	(75)	66,791	63,601	17,927	45,603	22,172	73,112	289,206	114,143	913	531,389
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(11,934)	(11,934)	329	7	(11,598)
Balance at 31 March 2012	127,202	(75)	66,791	63,601	17,927	45,603	22,172	61,178	277,272	114,472	920	519,791
Balance at 1 January 2013	127,202	(75)	66,791	63,601	17,927	45,603	22,999	92,746	309,667	115,262	966	553,022
Total comprehensive income for the period	-	-	-	-	-	-	-	3,256	3,256	769	28	4,053
Reversal of revaluation surplus	-	-	-	-	-	-	(782)	-	(782)	-	-	(782)
Treasury shares purchased	-	(128)	-	-	-	-	-	-	-	-	-	(128)
Balance at 31 March 2013	127,202	(203)	66,791	63,601	17,927	45,603	22,217	96,002	312,141	116,031	994	556,165

Investment valuation reserve includes a loss of KD 4,603 thousand (31 December 2012: loss of KD 3,334 thousand) arising from foreign currency translation of the Parent Bank's investment in a foreign associate.

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.


INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2013 (Unaudited)

	Note	Three months ended 31 March	
		2013 KD 000's	2012 KD 000's
OPERATING ACTIVITIES			
Profit before taxation		807	336
Adjustments for:			
Impairment and other provisions	10	23,934	22,067
Income from investment securities		(1,015)	(1,520)
Foreign exchange gain on investment securities		(896)	727
Depreciation and amortisation		223	40
Share of results from an associate		(218)	-
Profit before changes in operating assets and liabilities		22,835	21,650
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		25,683	13,001
Due from banks and other financial institutions		(59,916)	(57,093)
Loans and advances		(84,810)	(33,939)
Other assets		(12,719)	4,163
Due to banks and other financial institutions		6,385	(30,996)
Customer deposits		140,082	117,129
Other liabilities		8,384	2,799
Net cash from operating activities		45,924	36,714
INVESTING ACTIVITIES			
Proceeds from disposal of investment securities		8,415	7,046
Acquisition of investment securities		(7,401)	(5,015)
Dividend income from investment securities		1,271	1,383
Proceeds from disposal of premises and equipment		44	36
Acquisition of premises and equipment		(109)	(306)
Net cash from investing activities		2,220	3,144
FINANCING ACTIVITIES			
Purchase of treasury shares		(128)	-
Net cash used in financing activities		(128)	-
Net increase in cash and short term funds		48,016	39,858
Cash and short term funds at 1 January		253,765	198,470
Cash and short term funds at 31 March	5	301,781	238,328

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.



1 INCORPORATION AND REGISTRATION

The Commercial Bank of Kuwait S.A.K (the "Parent Bank") is a public shareholding company incorporated in the State of Kuwait and is registered as a Bank with the Central Bank of Kuwait ("CBK") and listed on the Kuwait Stock Exchange ("KSE"). The address of the registered office of the Parent Bank is P.O. Box 2861, 13029 Safat, State of Kuwait.

The Parent Bank and its subsidiaries are together referred to as "the Group" in this interim condensed consolidated financial information.

The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Industry and Commerce by 26 September 2013 will determine the basis and rules which the Parent Bank shall adopt to regularise its affairs with the Companies Law as amended.

2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2012 except for the adoption of the following new and amended standards issued and effective during the year:

IFRS 7: Financial Instruments Disclosures: The amendment requires an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendment affects disclosure only and has no material impact on the interim condensed consolidated financial position or performance of the Group. However adoption of the above amendment may result in more enhanced disclosures in the annual consolidated financial statements of the Group.

IFRS 10: Consolidated Financial Statements: This new Standard replaces the consolidation guidance in IAS 27: Consolidated and Separate Financial Statements and SIC 12: Consolidation of Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure or rights to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. The adoption of this standard has not resulted in any material impact on the interim condensed consolidated financial position or performance of the Group.

IFRS 12: Disclosure of Interests in Other Entities: This new Standard requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is provide information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities. The adoption of this standard has not resulted in any material additional disclosures in the interim condensed consolidated financial position. The Group will review before the year end and may disclose any additional disclosure in the annual consolidated financial statements of the Group.

IFRS 13: Fair Value Measurement: This new Standard establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The adoption of this standard has not resulted in any material additional disclosures in the interim condensed consolidated financial information of the Group. However adoption of the above standard may result in more enhanced disclosures in the annual financial statements of the Group.


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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IAS 1: Presentation of Financial Statements: The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the interim condensed consolidated financial position or performance of Group.

IAS 19: Employee Benefits: Numerous changes or clarifications are made under the amended Standard. Among these numerous amendments, the most important changes are making the distinction between short-term and other long-term employee benefits based on expected timing of settlement rather than employee entitlement. These amendments have no material impact on the interim condensed consolidated financial position or performance of the Group.

IAS 28: Investments in Associates and Joint Ventures: As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures. The Standard describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of this standard has not resulted in any material impact on the interim condensed consolidated financial position or performance of the Group.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2013 did not have any material impact on the accounting policies, interim condensed consolidated financial position or performance of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the Government of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all IFRS except for the IAS 39 "Financial Instruments: Recognition and Measurement" requirement for collective provision, which has been replaced by the CBK's requirement for a minimum general provision.

The policy of the Group for calculation of the impairment provisions for loans and advances complies in all material respects with the specific provision requirements of the CBK.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. For further information, refer to the consolidated financial statements included in the Group's annual report for the year ended 31 December 2012.

3 SUBSIDIARIES

Name of entities	Country of incorporation	Principal activities	% of ownership		
			31 March 2013	31 December 2012	31 March 2012
Al Tijari Investment Company K.S.C (Closed)	Kuwait	Investment Banking	-	100	100
Union Securities Brokerage Company K.S.C (Closed)	Kuwait	Brokerage Services	80	80	80

The Capital Markets Authority as on 7 January 2013 and the Ministry of Commerce as on 17 January 2013 have approved to appoint a liquidator to liquidate "Al Tijari Investment Company K.S.C (Closed)". Accordingly, the net assets of the former subsidiary amounting to KD 16,152 have been treated as non-current assets held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and classified under other assets.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2013 (Unaudited)

4 PROVISIONS NO LONGER REQUIRED

Under the terms of Law 41/93, provision no longer required as at 31 March 2013 amounted to KD 5 thousand (31 March 2012: KD nil). The ultimate amount to be ceded to the CBK will depend on the situation at the year end. The identification of provisions no longer required was made on a basis consistent with that adopted at 31 December 2012 and in accordance with the instructions of the CBK.

5 CASH AND SHORT TERM FUNDS

	31 March 2013	<i>(Audited)</i> 31 December 2012	31 March 2012
	KD 000's	KD 000's	KD 000's
Cash and cash items	53,966	64,341	33,479
Balances with the CBK	64,232	76,563	15,128
Deposits with banks maturing within seven days	183,583	112,861	189,721
	301,781	253,765	238,328

Cash and short term funds are classified as "loans and receivables".

6 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2013	<i>(Audited)</i> 31 December 2012	31 March 2012
	KD 000's	KD 000's	KD 000's
Placements with banks	423,991	343,458	461,731
Loans and advances to banks	1,353	1,374	1,351
Amounts due from other financial institutions	7,605	28,201	-
	432,949	373,033	463,082

Due from banks and other financial institutions are classified as "loans and receivables".

7 LOANS AND ADVANCES

Loans and advances are classified as "loans and receivables".

8 INVESTMENT SECURITIES

Investment securities include 348,483,589 shares carried at a fair value of KD 219,545 thousand. The Parent Bank acquired 221,421,095 of these shares at a cost of KD 94,103 thousand in the year 2009 under a transaction executed through the KSE where the counterparty subsequently failed to exercise their buy back option within the agreed time frame. During 2010, the Parent Bank participated in the rights issue and acquired 127,062,494 shares at a cost of KD 32,401 thousand. As at the reporting date, the Parent Bank holds the title of the underlying shares. The counterparty raised a legal case challenging the Parent Bank's ownership that is currently pending at the court of law. On the basis of legal counsel, management believes that they have a meritorious defense and accordingly the Parent Bank has fair valued the investment and recognised the resultant fair valuation gain in the Investment Valuation Reserve.


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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During the period, the Group recognised an unrealised gain of KD 3,673 thousand (31 March 2012: unrealised loss of KD 12,229 thousand) in the interim condensed consolidated statement of comprehensive income as arising from changes in fair value and recycled fair valuation changes of KD 638 thousand (31 March 2012: KD 331 thousand) to the interim condensed consolidated statement of income on disposal and impairment of "available for sale" investment securities.

Impairment loss of KD 5,012 thousand (31 March 2012: KD 8,601 thousand) was also charged to the interim condensed consolidated statement of income.

9 INTEREST INCOME

Interest income includes a release of KD 81 thousand (31 March 2012: KD 250 thousand) due to adjustments arising from revised estimates of future cash flows, discounted at the original contracted rates of interest from a portfolio of performing loans that have had their terms modified during the year 2007, as per Central Bank circular 2/202BS RSA/2007 dated 13 February 2007 and 2/105 dated 23 April 2008.

10 IMPAIRMENT AND OTHER PROVISIONS

The following amounts were (charged) / released to the interim condensed consolidated statement of income during the period:

	Three months ended 31 March	
	2013 KD 000's	2012 KD 000's
Loans and advances - specific	(17,201)	(11,013)
Loans and advances - general	(468)	(1,977)
Investment securities	(5,012)	(8,601)
Non cash facilities	(275)	(488)
Other provisions	(978)	12
	(23,934)	(22,067)

Other provisions mainly represent impairment of investment in an associate amounting to KD 974 thousand (31 March 2012 Nil).

11 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period attributable to shareholders of the Parent Bank by the weighted average number of shares outstanding during the period.

	Three months ended 31 March	
	2013	2012
Net profit for the period attributable to shareholders of the Parent Bank (KD 000's)	769	329
Weighted average of authorised and subscribed shares (numbers in 000's)	1,272,022	1,272,022
Less: Weighted average of treasury shares held (numbers in 000's)	(115)	(70)
	1,271,907	1,271,952
Basic and diluted earnings per share attributable to shareholders of the Parent Bank (fils)	0.6	0.3


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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12 RELATED PARTY TRANSACTIONS

During the period, certain related parties (directors and officers of the Group, their families and companies of which they are principal owners) were customers of the Group in the ordinary course of business. The terms of these transactions are approved by the Group's management. The balances at the date of interim condensed consolidated financial position are as follows:

	31 March 2013			31 March 2012		
	Number of Directors/ Executives	Number of Related Members	Amount in KD 000's	Number of Directors/ Executives	Number of Related Members	Amount in KD 000's
Board of Directors						
Loans	-	-	-	1	-	70
Credit cards	-	-	-	2	-	4
Deposits	6	-	103	7	-	167
Executive Management						
Loans	8	-	115	8	-	82
Credit cards	8	2	15	9	-	7
Deposits	15	11	2,007	13	12	530

The loans issued to directors, key management personnel and related members are repayable within 1 year and have interest rates of 0% (31 March 2012: 0% to 1.5%).

The detail of compensation for key management included in the interim condensed consolidated statement of income are as follows:

	Three months ended	
	31 March	
	2013	2012
	KD 000's	KD 000's
Salaries and other short-term benefits	(423)	(224)
Post employment benefits	(3)	(4)
End of service benefits	(84)	(21)



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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13 SEGMENTAL ANALYSIS

The Group operates in banking, brokerage services and investment activities which are segmented between:

- Corporate and Retail banking provides a full range of lending, deposit and related banking services to domestic and international corporate and individual customers.
- Treasury and Investment banking comprises of money market, foreign exchange, treasury bonds, asset management and brokerage services.

	KD 000's					
	Corporate and Retail Banking		Treasury and Investment Banking		Total	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2013	2012	2013	2012	2013	2012
Net interest income	19,017	18,457	1,929	1,782	20,946	20,239
Non interest income	8,602	6,919	2,587	2,573	11,189	9,492
Operating income	27,619	25,376	4,516	4,355	32,135	29,731
Impairment and other provisions	(17,506)	(13,491)	(6,428)	(8,576)	(23,934)	(22,067)
Net profit (loss) for the period	5,890	7,758	(5,090)	(7,430)	800	328
Assets	2,201,434	2,213,045	1,630,953	1,586,242	3,832,387	3,799,287
Liabilities & Equity	1,467,729	1,376,530	2,364,658	2,422,757	3,832,387	3,799,287

14 OFF BALANCE SHEET ITEMS

(a) Financial instruments with contractual amounts

In the normal course of business the Group makes commitments to extend credit to customers. The contracted amounts represent the credit risk assuming that the amounts are fully advanced and that any collateral is of no value. The total contractual amount of the commitment does not necessarily represent the future cash requirement as in many cases these contracts terminate without being funded.

(i) Financial instruments with contractual amounts representing credit risk

	31 March 2013 KD 000's	(Audited)	
		31 December 2012 KD 000's	31 March 2012 KD 000's
Acceptances	22,879	42,904	57,323
Letters of credit	146,661	130,518	163,759
Letters of guarantee	910,105	885,205	857,431
Others	35,044	37,961	36,168
	1,114,689	1,096,588	1,114,681


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2013 (Unaudited)

(ii) Financial instruments with contractual or notional amounts that are subject to credit risk

	31 March 2013 KD 000's	<i>(Audited)</i> 31 December 2012 KD 000's	31 March 2012 KD 000's
Foreign exchange contracts - forward	441,412	347,902	324,582

The fair valuation loss of forward foreign exchange contracts amounting to KD 6,969 thousand (31 December 2012: gain of KD 1,221 thousand and 31 March 2012: loss of KD 1,397 thousand) is taken to the interim condensed consolidated statement of income.

The amount subject to credit risk is insignificant and is limited to the current replacement value of instruments, which is only a fraction of the contractual or notional amounts used to express the volumes outstanding.

(b) Legal claims

At the reporting date certain legal claims existed against the Group for which KD 2,643 thousand (31 December 2012: KD 2,620 thousand and 31 March 2012: KD 1,518 thousand) has been provided.

15 ANNUAL GENERAL MEETING

Annual general meeting for the year ended 31 December 2012 has not been held until the date of preparation of the interim condensed consolidated financial information. Accordingly, the consolidated financial statements for the year ended 31 December 2012 have not yet been approved. The interim condensed consolidated financial information for the period ended 31 March 2013 does not include any adjustments, which might have been required, had the annual general meeting approved the consolidated financial statements for the year ended 31 December 2012.