



The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

31 March 2016

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Commercial Bank of Kuwait K.P.S.C. ("the Bank") and its subsidiary (together called "the Group") as of 31 March 2016 and the related interim condensed consolidated statements of income, comprehensive income, for the three month period then ended and the related interim condensed consolidated statements of 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 Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its executive regulations, or of the Memorandum of Incorporation and Articles of Association of the Bank as amended, during the three month period ended 31 March 2016 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any 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 during the three month period ended 31 March 2016, that might have had a material effect on the business of the Bank or on its financial position.



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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 March 2016 (Unaudited)

		<i>(Audited)</i>		
		31 March	31 December	31 March
		2016	2015	2015
	Note	KD 000's	KD 000's	KD 000's
ASSETS				
Cash and short term funds	5	625,400	682,469	819,808
Treasury and Central Bank bonds		321,519	332,575	325,414
Due from banks and other financial institutions	6	398,606	265,681	436,273
Loans and advances	7	2,296,216	2,297,466	2,228,939
Investment securities	8	366,626	338,888	227,539
Premises and equipment		30,266	30,234	30,351
Intangible assets		9,809	9,809	9,809
Other assets		98,961	80,229	21,238
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS		4,147,403	4,037,351	4,099,371
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		196,932	166,904	225,771
Due to other financial institutions		737,888	627,232	610,157
Customer deposits		2,499,982	2,546,163	2,582,274
Other borrowed funds		30,210	-	-
Other liabilities		122,863	120,327	118,751
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES		3,587,875	3,460,626	3,536,953
		<hr/>	<hr/>	<hr/>
EQUITY				
Equity attributable to shareholders of the Bank				
Share capital		141,194	141,194	141,194
Proposed bonus shares		8,472	8,472	-
Treasury shares		(3,157)	(2,822)	-
Reserves		252,136	258,497	255,771
Retained earnings		159,854	152,077	138,969
		<hr/>	<hr/>	<hr/>
		558,499	557,418	535,934
Proposed dividend		-	18,282	25,415
		<hr/>	<hr/>	<hr/>
		558,499	575,700	561,349
Non-controlling interests		1,029	1,025	1,069
		<hr/>	<hr/>	<hr/>
TOTAL EQUITY		559,528	576,725	562,418
		<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY		4,147,403	4,037,351	4,099,371
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



Ali Mousa Al Mousa
Chairman



Elham Yousry Mahfouz
Chief Executive Officer

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



The Commercial Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Period ended 31 March 2016 (Unaudited)

	Note	Three months ended 31 March	
		2016 KD 000's	2015 KD 000's
Interest income	9	29,573	27,591
Interest expense		(8,175)	(6,451)
NET INTEREST INCOME		21,398	21,140
Fees and commissions		9,061	8,111
Net gain from dealing in foreign currencies		2,312	971
Net gain from investment securities		204	579
Dividend income		4,632	3,342
Gain on disposal of assets pending sale		-	1,712
Other operating income		629	327
OPERATING INCOME		38,236	36,182
Staff expenses		(5,643)	(5,163)
General and administrative expenses		(4,024)	(3,571)
Depreciation and amortisation		(17)	(101)
OPERATING EXPENSES		(9,684)	(8,835)
OPERATING PROFIT BEFORE PROVISIONS		28,552	27,347
Impairment and other provisions	10	(20,575)	(20,835)
PROFIT BEFORE TAXATION		7,977	6,512
Taxation		(210)	(187)
NET PROFIT FOR THE PERIOD		7,767	6,325
Attributable to:			
Shareholders of the Bank		7,768	6,323
Non-controlling interests		(1)	2
		7,767	6,325
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	11	5.2	4.2

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



The Commercial Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2016 (Unaudited)

	Three months ended 31 March	
	2016 KD 000's	2015 KD 000's
Net profit for the period	7,767	6,325
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified subsequently to consolidated statement of income:		
Changes in fair value of investment securities	(6,055)	2,743
Net loss on disposal / impairment of investment securities	(301)	(422)
	(6,356)	2,321
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,411	8,646
Attributable to:		
Shareholders of the Bank	1,407	8,641
Non-controlling interests	4	5
	1,411	8,646

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



The Commercial Bank of Kuwait Group
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 Period ended 31 March 2016 (Unaudited)

	Attributable to shareholders of the Bank														
	Reserves														
	Share Capital	Proposed Bonus Shares	Treasury Shares	Share Premium	Statutory Reserve	General Reserve	Treasury Shares Reserve	Property Revaluation Reserve	Investment Valuation Reserve	Total Reserves	Retained Earnings	Proposed Dividend	Total	Non-controlling Interests	Total
Balance at 1 January 2015	141,194	-	-	66,791	70,597	17,927	45,380	24,947	27,811	253,453	132,646	25,415	552,708	1,064	553,772
Total comprehensive income for the period	-	-	-	-	-	-	-	-	2,318	2,318	6,323	-	8,641	5	8,646
Balance at 31 March 2015	141,194	-	-	66,791	70,597	17,927	45,380	24,947	30,129	255,771	138,969	25,415	561,349	1,069	562,418
Balance at 1 January 2016	141,194	8,472	(2,822)	66,791	115,977	17,927	-	26,078	31,724	258,497	152,077	18,282	575,700	1,025	576,725
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(6,361)	(6,361)	7,768	-	1,407	4	1,411
Treasury shares purchased	-	-	(335)	-	-	-	-	-	-	-	-	-	(335)	-	(335)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(18,273)	(18,273)	-	(18,273)
Dividend on treasury shares purchased	-	-	-	-	-	-	-	-	-	-	9	(9)	-	-	-
Balance at 31 March 2016	141,194	8,472	(3,157)	66,791	115,977	17,927	-	26,078	25,363	252,136	159,854	-	558,499	1,029	559,528

Annual General Assembly of the shareholders' held on 26 March 2016 approved to distribute cash dividend of 13 fils per share amounting to KD 18,273 thousand (2014: 18 fils per share) and 6 bonus shares for every 100 shares held (2014: nil) for the year 2015. Subsequent to the period ended 31 March 2016, the Bank has completed the registration procedures on 10 April 2016 for the issuance of bonus shares and accordingly notified the Kuwait Stock Exchange to adjust the authorized, subscribed and fully paid up share capital to 1,496,661 thousand shares of 100 fils each.

The Extraordinary General Meeting of shareholders held on 26 March 2016 resolved to increase the authorised share capital of the Bank from KD 141,194 thousand to KD 149,666 thousand.

Investment valuation reserve includes a loss of KD 5,406 thousand (31 December 2015: KD 5,452 thousand and 31 March 2015: KD 5,678 thousand) arising from foreign currency translation of the 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 2016 (Unaudited)

	Note	Three months ended 31 March	
		2016 KD 000's	2015 KD 000's
OPERATING ACTIVITIES			
Profit before taxation		7,977	6,512
Adjustments for:			
Impairment and other provisions	10	20,575	20,835
Income from investment securities		(4,836)	(3,921)
Foreign exchange gain on investment securities		(2,581)	(665)
Depreciation and amortisation		17	101
Profit before changes in operating assets and liabilities		<u>21,152</u>	<u>22,862</u>
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		11,056	38,469
Due from banks and other financial institutions		(132,925)	265,472
Loans and advances		(19,878)	72,665
Other assets		(18,731)	31,338
Due to banks		30,028	(98,808)
Due to other financial institutions		110,656	(69,335)
Customer deposits		(46,181)	28,023
Other liabilities		3,418	16,272
Net cash (used in) from operating activities		<u>(41,405)</u>	<u>306,958</u>
INVESTING ACTIVITIES			
Proceeds from disposal of investment securities		14,266	6,472
Acquisition of investment securities		(46,115)	(21,814)
Dividend income from investment securities		4,632	3,342
Acquisition of premises and equipment		(49)	(452)
Net cash used in investing activities		<u>(27,266)</u>	<u>(12,452)</u>
FINANCING ACTIVITIES			
Other borrowed funds		30,210	-
Purchase of treasury shares		(335)	-
Dividends paid		(18,273)	-
Net cash from financing activities		<u>11,602</u>	<u>-</u>
Net (decreased) increase in cash and short term funds		(57,069)	294,506
Cash and short term funds at 1 January		682,469	525,302
Cash and short term funds at 31 March	5	<u><u>625,400</u></u>	<u><u>819,808</u></u>

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



1 CORPORATE INFORMATION

The Commercial Bank of Kuwait K.P.S.C ("the 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 Bank's registered office is P.O. Box 2861, 13029 Safat, State of Kuwait.

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

On 1 February 2016, the new Companies Law No.1 of 2016 was published in the Official Gazette which is effective from 26 November 2012. According to the new law, the Companies law No. 25 of 2012 and its amendments have been cancelled. However, its Executive Regulations will continue until a new set of Executive Regulations are issued.

The interim condensed consolidated financial information of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 11 April 2016.

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 2015.

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 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, refer to the consolidated financial statements included in the Group's annual report for the year ended 31 December 2015.

3 SUBSIDIARY

Name of entity	Country of incorporation	Principal activities	% of ownership		
			31 March 2016	31 December 2015	31 March 2015
Al-Tijari Financial Brokerage Company K.S.C. (Closed) (Formerly Union Securities Brokerage Company K.S.C. (Closed))	Kuwait	Brokerage Services	80	80	80

4 PROVISIONS NO LONGER REQUIRED

Under the terms of Law 41/93, provision no longer required as at 31 March 2016 amounted to KD 1 thousand (31 March 2015: 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 2015 and in accordance with the instructions of the CBK.

**5 CASH AND SHORT TERM FUNDS**

	31 March 2016	<i>(Audited)</i> 31 December 2015	31 March 2015
	KD 000's	KD 000's	KD 000's
Cash and cash items	153,377	169,757	65,544
Balances with the CBK	31,034	1,221	56,540
Deposits with banks maturing within seven days	440,989	511,491	697,724
	625,400	682,469	819,808

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

6 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2016	<i>(Audited)</i> 31 December 2015	31 March 2015
	KD 000's	KD 000's	KD 000's
Placements with banks	364,787	232,310	428,789
Loans and advances to banks	34,161	33,708	7,560
	398,948	266,018	436,349
Less : Provision for impairment	(342)	(337)	(76)
	398,606	265,681	436,273

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".

During the year 2013, the Ministry of Finance established the Family Support Fund (the "Fund") under Law No. 104/2013 to purchase outstanding balance of installment and consumer loans from the Banks as on 12 June 2013 for loans granted before 30 March 2008. Accordingly, CBK issued a Circular no. 2/BS,IS/305/2013 to all local banks and investment companies regarding formation of the Fund. The Bank has identified such loans amounting to KD 38,818 thousand and submitted report to CBK for approval, as required by the circular. Interest income on such loans is not recognised from 12 June 2013. At the reporting date, loans amounting to KD 32,492 thousand have been settled.

**8 INVESTMENT SECURITIES**

During the period, the Group recognised an unrealised loss of KD 6,055 thousand (31 March 2015: unrealised gain of KD 2,743 thousand) in the interim condensed consolidated statement of comprehensive income as arising from changes in fair value and recycled fair valuation changes of KD 301 thousand (31 March 2015: KD 422 thousand) to the interim condensed consolidated statement of income on disposal and impairment of "available for sale" investment securities.

Impairment loss of KD 546 thousand (31 March 2015: KD 301 thousand) was charged to the interim condensed consolidated statement of income.

During 2009, the Bank acquired 221,425,059 shares of Boubyan Bank at a cost of KD 94,103 thousand under multiple purchase transactions, all of which were executed under the standard procedures adopted by the KSE. However, at a subsequent date, and as a result of the availability of cash balances in the account of the parent company ("the Borrower") related to the companies which sold the mentioned shares, the bank utilized these balances to close the loan due from the borrower. Also in 2009, the borrower, along with others, filed a legal case challenging the Bank's ownership of the above mentioned shares that is currently pending at the court of law. However, in April 2016, the Court of First Instance issued a verdict in favor of the Bank confirming the validity of the Bank's ownership of the above mentioned shares with due observation that there is an interim order from the court restricting the sale of the above mentioned shares. During 2010, the Bank participated in the rights issue and acquired 127,058,530 shares at a cost of KD 32,401 thousand and thereafter, during the years 2013 to the reporting date, the Bank received a total of 55,303,974 bonus shares. As at reporting date, the Bank holds title for 246,425,059 shares carried at a fair value of KD 103,499 thousand (31 December 2015: 246,425,059 shares at a fair value of KD 107,194 thousand and 31 March 2015: 257,496,311 shares at a fair value of KD 106,861 thousand). On the basis of legal counsel, management believes that they have a meritorious defense and accordingly, the Bank has fair valued the investment and recognized the resultant fair valuation gain in the Investment Valuation Reserve.

In April 2016, based on a legal suit filed by one of the creditors of the borrower, the Court of Cassation issued a verdict directing the Bank to pay approximately KD 44 million to the creditor, from the amount utilized by the Bank to settle its loan due from the borrower. The Bank has adequate provision to cover this liability under the court order.

9 INTEREST INCOME

Interest income includes a release of KD 12 thousand (31 March 2015: KD 561 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	
	2016	2015
	KD 000's	KD 000's
Loans and advances - specific	(4,733)	(93,552)
Loans and advances - recoveries	359	4,315
Loans and advances - general	(16,754)	71,177
Investment securities	(546)	(301)
Non cash facilities	343	(1,253)
Other provisions	756	(1,221)
	(20,575)	(20,835)

**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 Bank by the weighted average number of shares outstanding during the period.

	Three months ended 31 March	
	2016	2015
Net profit for the period attributable to shareholders of the Bank (KD 000's)	<u>7,768</u>	<u>6,323</u>
Weighted average of authorised and subscribed shares (numbers in 000's)	1,496,661	1,496,661
Less: Weighted average of treasury shares held (numbers in 000's)	(6,421)	-
	<u>1,490,240</u>	<u>1,496,661</u>
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	<u>5.2</u>	<u>4.2</u>

Basic and diluted earnings per share for the current and comparative period presented have been adjusted to reflect the effect of bonus shares approved by the regulatory authorities subsequent to the reporting date.

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 2016			31 March 2015		
	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	2	-	94	-	-	-
Credit cards	-	-	-	3	1	11
Deposits	9	-	174	10	-	219
Executive Management						
Loans	6	-	63	9	-	78
Credit cards	9	1	15	8	3	20
Deposits	12	-	410	13	2	303

The loans issued to directors, key management personnel and related members are repayable within 5 to 10 years and have interest rates ranging from 0% to 5% (31 March 2015: 0%).



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

	Three months ended 31 March	
	2016 KD 000's	2015 KD 000's
Salaries and other short-term benefits	(230)	(223)
Post employment benefits	(2)	(1)
End of service benefits	(16)	(13)

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, saving accounts without a specific maturity and variable rate financial instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31 March 2016			
	KD 000's			
Financial Instruments	Level 1	Level 2	Level 3	Total
Financial assets at fair value through statement of income:				
Derivative Financial Instruments:				
Forward Foreign Exchange Contracts	-	(285)	-	(285)
Interest Rate Swaps	-	(177)	-	(177)
	-	(462)	-	(462)
Financial assets available for sale:				
Equity securities	139,967	33,853	-	173,820
Debt securities	166,884	24,987	-	191,871
Others	-	935	-	935
	306,851	59,775	-	366,626



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2016 (Unaudited)

		31 December 2015 (Audited)			
		KD 000's			
		Level 1	Level 2	Level 3	Total
Financial Instruments					
Financial assets at fair value through statement of income:					
Derivative Financial Instruments:					
Forward Foreign Exchange Contracts		-	(1,490)	-	(1,490)
Interest Rate Swaps		-	167	-	167
		-	(1,323)	-	(1,323)
Financial assets available for sale:					
Equity securities		143,842	34,084	-	177,926
Debt securities		134,334	24,823	-	159,157
Others		-	1,805	-	1,805
		278,176	60,712	-	338,888
31 March 2015					
KD 000's					
		Level 1	Level 2	Level 3	Total
Financial Instruments					
Financial assets at fair value through statement of income:					
Derivative Financial Instruments:					
Forward Foreign Exchange Contracts		-	(29,373)	-	(29,373)
		-	(29,373)	-	(29,373)
Financial assets available for sale:					
Equity securities		145,428	33,057	-	178,485
Debt securities		22,273	25,122	-	47,395
Others		-	1,659	-	1,659
		167,701	59,838	-	227,539

There were no transfers between level 1, level 2 and level 3 hierarchy.

14 SEGMENTAL ANALYSIS

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

- a) Corporate and Retail banking provides a full range of lending, deposit and related banking services to domestic and international corporate and individual customers.
- b) 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	
	2016	2015	2016	2015	2016	2015
Net interest income	19,102	19,300	2,296	1,840	21,398	21,140
Non interest income	11,104	9,902	5,734	5,140	16,838	15,042
Operating income	30,206	29,202	8,030	6,980	38,236	36,182
Impairment and other provisions	(20,782)	(20,581)	207	(254)	(20,575)	(20,835)
Net profit for the period	3,859	4,212	3,908	2,113	7,767	6,325
Assets	2,436,078	2,291,304	1,711,325	1,808,067	4,147,403	4,099,371
Liabilities & Equity	1,498,388	1,778,039	2,649,015	2,321,332	4,147,403	4,099,371

15 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 2016 KD 000's	(Audited) 31 December 2015 KD 000's	31 March 2015 KD 000's
	Acceptances	31,955	28,249
Letters of credit	126,052	101,051	120,814
Letters of guarantee	1,157,625	1,069,073	958,799
	1,315,632	1,198,373	1,108,011



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2016 (Unaudited)

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

	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
31 March 2016			
Foreign exchange contracts - forward	2,827	3,112	521,236
Interest Rate Swaps	193	370	87,003
	3,020	3,482	608,239
	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
31 December 2015 (Audited)			
Foreign exchange contracts - forward	945	2,435	361,693
Interest Rate Swaps	170	3	51,674
	1,115	2,438	413,367
	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
31 March 2015			
Foreign exchange contracts - forward	4,176	33,549	772,566
	4,176	33,549	772,566

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 1,219 thousand (31 December 2015: KD 1,974 thousand and 31 March 2015: KD 1,806 thousand) have been provided.