



The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

30 September 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 30 September 2016 and the related interim condensed consolidated statements of income, comprehensive income, for the three month and nine month period then ended and the related interim condensed consolidated statements of changes in equity, and cash flows for the nine 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 nine month period ended 30 September 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 nine month period ended 30 September 2016, that might have had a material effect on the business of the Bank or on its financial position.

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11 October 2016

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2016 (Unaudited)

		<i>(Audited)</i>		
	Note	30 September 2016 KD 000's	31 December 2015 KD 000's	30 September 2015 KD 000's
ASSETS				
Cash and short term funds	5	526,078	682,469	686,422
Treasury and Central Bank bonds		306,329	332,575	338,709
Due from banks and other financial institutions	6	463,135	265,681	409,170
Loans and advances	7	2,283,214	2,297,466	2,235,507
Investment securities	8	346,473	338,888	283,887
Premises and equipment		30,270	30,234	30,184
Intangible assets		3,506	9,809	9,809
Other assets		88,025	80,229	41,277
TOTAL ASSETS		4,047,030	4,037,351	4,034,965
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		347,655	166,904	119,456
Due to other financial institutions		746,984	627,232	654,612
Customer deposits		2,256,417	2,546,163	2,588,522
Other borrowed funds		30,160	-	-
Other liabilities		93,052	120,327	120,131
TOTAL LIABILITIES		3,474,268	3,460,626	3,482,721
EQUITY				
Equity attributable to shareholders of the Bank				
Share capital		149,666	141,194	141,194
Proposed bonus shares		-	8,472	-
Treasury shares		(3,713)	(2,822)	-
Reserves		246,223	258,497	251,954
Retained earnings		179,576	152,077	158,053
Proposed dividend		-	18,282	-
Non-controlling interests		1,010	1,025	1,043
TOTAL EQUITY		572,762	576,725	552,244
TOTAL LIABILITIES AND EQUITY		4,047,030	4,037,351	4,034,965



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.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Period ended 30 September 2016 (Unaudited)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2016	2015	2016	2015
		KD 000's	KD 000's	KD 000's	KD 000's
Interest income	9	29,875	26,875	89,210	81,057
Interest expense		(9,044)	(6,162)	(26,167)	(18,957)
NET INTEREST INCOME		20,831	20,713	63,043	62,100
Fees and commissions		9,745	8,852	27,741	25,482
Net gain from dealing in foreign currencies		1,393	1,353	5,230	3,241
Net gain from investment securities		620	36	1,092	1,581
Dividend income		17	254	5,286	4,026
Gain on disposal of assets pending sale		-	-	-	5,714
Other operating income		1,276	130	2,145	716
OPERATING INCOME		33,882	31,338	104,537	102,860
Staff expenses		(5,667)	(5,704)	(17,171)	(16,147)
General and administrative expenses		(4,557)	(3,938)	(12,810)	(11,783)
Depreciation and amortisation		(31)	(750)	(70)	(976)
OPERATING EXPENSES		(10,255)	(10,392)	(30,051)	(28,906)
OPERATING PROFIT BEFORE PROVISIONS		23,627	20,946	74,486	73,954
Impairment and other provisions	10	(6,903)	(11,813)	(45,881)	(47,480)
PROFIT BEFORE TAXATION		16,724	9,133	28,605	26,474
Taxation		(756)	(412)	(1,128)	(1,084)
NET PROFIT FOR THE PERIOD		15,968	8,721	27,477	25,390
Attributable to:					
Shareholders of the Bank		15,984	8,736	27,490	25,407
Non-controlling interests		(16)	(15)	(13)	(17)
		15,968	8,721	27,477	25,390
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	11	10.7	5.8	18.5	17.0

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 30 September 2016 (Unaudited)

	Three months ended 30 September		Nine months ended 30 September	
	2016 KD 000's	2015 KD 000's	2016 KD 000's	2015 KD 000's
Net profit for the period	15,968	8,721	27,477	25,390
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified subsequently to consolidated statement of income:				
Changes in fair value of investment securities	1,180	(7,642)	(11,427)	(384)
Net loss on disposal / impairment of investment securities	(525)	(47)	(849)	(1,119)
	655	(7,689)	(12,276)	(1,503)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,623	1,032	15,201	23,887
Attributable to:				
Shareholders of the Bank	16,639	1,052	15,216	23,908
Non-controlling interests	(16)	(20)	(15)	(21)
	16,623	1,032	15,201	23,887

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 30 September 2016 (Unaudited)

	KD 000's														
	Attributable to shareholders of the Bank														
	Share Capital	Proposed Bonus Shares	Treasury Shares	Reserves							Total Reserves	Retained Earnings	Proposed Dividend	Non-controlling Interests	
Share Premium				Statutory Reserve	General Reserve	Treasury Shares Reserve	Property Revaluation Reserve	Investment Valuation Reserve	Total	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 (loss) income for the period	-	-	-	-	-	-	-	-	(1,499)	(1,499)	25,407	-	23,908	(21)	23,887
Transfer to statutory reserve	-	-	-	-	45,380	-	(45,380)	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(25,415)	(25,415)	-	(25,415)
Balance at 30 September 2015	141,194	-	-	66,791	115,977	17,927	-	24,947	26,312	251,954	158,053	-	551,201	1,043	552,244
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	-	-	-	-	-	-	-	-	(12,274)	(12,274)	27,490	-	15,216	(15)	15,201
Treasury shares purchased	-	-	(891)	-	-	-	-	-	-	-	-	-	(891)	-	(891)
Bonus shares issued	8,472	(8,472)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(18,273)	(18,273)	-	(18,273)
Dividend on treasury shares purchased	-	-	-	-	-	-	-	-	-	-	9	(9)	-	-	-
Balance at 30 September 2016	149,666	-	(3,713)	66,791	115,977	17,927	-	26,078	19,450	246,223	179,576	-	571,752	1,010	572,762

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.

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. Subsequently, the cash dividend was paid and the bonus shares increased the number of shares by 84,716,688 thousand and share capital by KD 8,472 thousand.

Investment valuation reserve includes a loss of KD 5,413 thousand (31 December 2015: KD 5,452 thousand and 30 September 2015: KD 5,713 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 30 September 2016 (Unaudited)

	Note	Nine months ended	
		30 September	
		2016	2015
		KD 000's	KD 000's
OPERATING ACTIVITIES			
Profit before taxation		28,605	26,474
Adjustments for:			
Impairment and other provisions	10	45,881	47,480
Income from investment securities		(6,378)	(5,607)
Foreign exchange gain on investment securities		(1,287)	(1,260)
Depreciation and amortisation		70	976
Profit before changes in operating assets and liabilities		66,891	68,063
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		26,246	25,174
Due from banks and other financial institutions		(197,454)	292,575
Loans and advances		(54,801)	40,070
Other assets		(21,377)	11,299
Due to banks		180,751	(205,123)
Due to other financial institutions		119,752	(24,880)
Customer deposits		(289,746)	34,271
Other liabilities		2,479	16,740
Net cash (used in) from operating activities		(167,259)	258,189
INVESTING ACTIVITIES			
Proceeds from disposal of investment securities		65,113	12,596
Acquisition of investment securities		(70,421)	(87,116)
Dividend income from investment securities		5,286	4,026
Proceeds from disposal of premises and equipment		3	13
Acquisition of premises and equipment		(109)	(1,173)
Net cash used in investing activities		(128)	(71,654)
FINANCING ACTIVITIES			
Other borrowed funds		30,160	-
Purchase of treasury shares		(891)	-
Dividends paid		(18,273)	(25,415)
Net cash from (used in) financing activities		10,996	(25,415)
Net (decrease) increase in cash and short term funds		(156,391)	161,120
Cash and short term funds at 1 January		682,469	525,302
Cash and short term funds at 30 September	5	526,078	686,422

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


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2016 (Unaudited)

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.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and it was published in the Official Gazette on 1 February 2016 which replaced the Companies Law No 25 of 2012 and its amendments. According to Article No. 5, the new Law will be effective retrospectively from November 26, 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

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 October 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 30 September 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		
			30 September 2016	31 December 2015	30 September 2015
Al-Tijari Financial 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 30 September 2016 amounted to KD 6 thousand (30 September 2015: KD 1 thousand). 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2016 (Unaudited)

5 CASH AND SHORT TERM FUNDS

	<i>(Audited)</i>		
	30 September 2016	31 December 2015	30 September 2015
	KD 000's	KD 000's	KD 000's
Cash and cash items	228,891	169,757	105,602
Balances with the CBK	8,801	1,221	6,819
Deposits with banks maturing within seven days	288,386	511,491	574,001
	526,078	682,469	686,422

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

6 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	<i>(Audited)</i>		
	30 September 2016	31 December 2015	30 September 2015
	KD 000's	KD 000's	KD 000's
Placements with banks	436,136	232,310	379,926
Loans and advances to banks	27,272	33,708	29,039
Amounts due from other financial institutions	-	-	500
	463,408	266,018	409,465
Less : Provision for impairment	(273)	(337)	(295)
	463,135	265,681	409,170

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 32,595 thousand have been settled.


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2016 (Unaudited)

8 INVESTMENT SECURITIES

During the period, the Group recognised an unrealised loss of KD 11,427 thousand (30 September 2015: unrealised loss of KD 384 thousand) in the interim condensed consolidated statement of comprehensive income as arising from changes in fair value and recycled fair valuation changes of KD 849 thousand (30 September 2015: KD 1,119 thousand) to the interim condensed consolidated statement of income on disposal and impairment of "available for sale" investment securities.

Impairment loss of KD 1,405 thousand (30 September 2015: KD 905 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. In 2009, the Borrower, along with others, filed a legal case challenging the Bank's ownership of the above mentioned shares which is currently pending at the court of law. 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. On the basis of legal counsel, management believes that they have a meritorious defense.

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 67,625,226 bonus shares. As at reporting date, the Bank holds title for 252,776,247 shares carried at a fair value of KD 97,319 thousand (31 December 2015: 246,425,059 shares at a fair value of KD 107,194 thousand and 30 September 2015: 252,025,059 shares at a fair value of KD 102,070 thousand). As at 30 September 2016, the weighted average cost of 221,425,059 shares under legal restraint is KD 64,891 thousand (31 December 2015: KD 68,136 thousand and 30 September 2015: KD 68,136 thousand) and is carried at a fair value of KD 85,249 thousand (31 December 2015: KD 96,320 thousand and 30 September 2015: KD 89,677 thousand), with the resultant fair valuation gain of KD 20,358 thousand (31 December 2015: KD 28,184 thousand and 30 September 2015: KD 21,541 thousand) recognised in the Investment Valuation Reserve. These shares are part of investment portfolio classified as "available for sale".

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 KD 44,059 thousand to the creditor, from the amount utilized by the Bank to settle its loan due from the Borrower. The Bank has subsequently settled this amount. However, the Bank believes that it has a meritorious claim to recover this amount from the Borrower.

9 INTEREST INCOME

Interest income includes a release of KD 109 thousand (30 September 2015: KD 605 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 30 September		Nine months ended 30 September	
	2016 KD 000's	2015 KD 000's	2016 KD 000's	2015 KD 000's
Loans and advances - specific	(66,662)	(2,249)	(73,664)	(97,174)
Loans and advances - recoveries	22,042	4,356	24,083	11,010
Loans and advances - general	219	(13,779)	(19,472)	42,077
Investment securities	(162)	(250)	(1,405)	(905)
Non cash facilities	(363)	110	(95)	(1,339)
Other provisions	38,023	(1)	24,672	(1,149)
	(6,903)	(11,813)	(45,881)	(47,480)


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2016 (Unaudited)

Other provisions include an impairment of KD 6,303 thousand (30 September 2015: KD nil) on the intangible asset which represents a decline in the value of brokerage license based on discounted cash flow valuation technique.

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 30 September		Nine months ended 30 September	
	2016	2015	2016	2015
Net profit for the period attributable to shareholders of the Bank (KD 000's)	15,984	8,736	27,490	25,407
Weighted average of authorised and subscribed shares (numbers in 000's)	1,496,661	1,496,661	1,496,661	1,496,661
Less: Weighted average of treasury shares held (numbers in 000's)	(7,936)	-	(7,279)	-
	1,488,725	1,496,661	1,489,382	1,496,661
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	10.7	5.8	18.5	17.0

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.

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:

	30 September 2016			30 September 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	-	84	-	-	-
Credit cards	2	-	2	-	-	-
Deposits	8	-	210	9	-	256
Executive Management						
Loans	8	-	96	8	-	59
Credit cards	6	-	5	7	1	20
Deposits	10	-	401	13	2	270

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% (30 September 2015: 0%).


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2016 (Unaudited)

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

	Nine months ended 30 September	
	2016	2015
	KD 000's	KD 000's
Salaries and other short-term benefits	(732)	(672)
Post employment benefits	(6)	(3)
End of service benefits	(67)	(38)

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:

	30 September 2016			
	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	-	1,209	-	1,209
Interest Rate Swaps	-	(539)	-	(539)
	-	670	-	670
Financial assets available for sale:				
Equity securities	146,940	33,172	-	180,112
Debt securities	135,360	30,037	-	165,397
Others	-	964	-	964
	282,300	64,173	-	346,473

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 September 2016 (Unaudited)

	KD 000's					
	Corporate and Retail Banking		Treasury and Investment Banking		Total	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2016	2015	2016	2015	2016	2015
Net interest income	56,620	57,260	6,423	4,840	63,043	62,100
Non interest income	31,625	31,562	9,869	9,198	41,494	40,760
Operating income	88,244	88,821	16,293	14,039	104,537	102,860
Impairment and other provisions	(68,807)	(46,686)	22,926	(794)	(45,881)	(47,480)
Net profit (loss) for the period	1,970	26,057	25,507	(667)	27,477	25,390
Assets	2,379,582	2,334,175	1,667,448	1,700,790	4,047,030	4,034,965
Liabilities & Equity	1,474,684	1,610,163	2,572,346	2,424,802	4,047,030	4,034,965

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

	30 September 2016	31 December 2015	30 September 2015
	KD 000's	KD 000's	KD 000's
Acceptances	37,167	28,249	46,285
Letters of credit	119,498	101,051	104,043
Letters of guarantee	1,279,156	1,069,073	981,895
	1,435,821	1,198,373	1,132,223

