



The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

30 June 2015



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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 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, for the three months and six months period then ended and the related interim condensed consolidated statements of changes in equity, and cash flows for the six 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. 25 of 2012, as amended and its executive regulations, or of the Memorandum of Incorporation and Articles of Association of the Bank as amended, during the six month period ended 30 June 2015 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 six month period ended 30 June 2015, that might have had a material effect on the business of the Bank or on its financial position.

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Kuwait
12 July 2015

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2015 (Unaudited)

			<i>(Audited)</i>	
		30 June	31 December	30 June
		2015	2014	2014
	Note	KD 000's	KD 000's	KD 000's
ASSETS				
Cash and short term funds	5	849,239	525,302	406,358
Treasury and Central Bank bonds		357,915	363,883	359,777
Due from banks and other financial institutions	6	534,511	701,745	545,277
Loans and advances	7	2,196,597	2,319,664	2,299,716
Investment securities	8	254,695	208,934	297,185
Premises and equipment		30,333	30,000	28,336
Intangible assets		9,809	9,809	9,809
Other assets		42,772	53,426	22,895
TOTAL ASSETS		4,275,871	4,212,763	3,969,353
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		146,552	324,579	326,940
Due to other financial institutions		631,082	679,492	452,899
Customer deposits		2,841,119	2,554,251	2,539,052
Other liabilities		105,906	100,669	88,193
TOTAL LIABILITIES		3,724,659	3,658,991	3,407,084
EQUITY				
Equity attributable to shareholders of the Bank				
Share capital		141,194	141,194	141,194
Treasury shares		-	-	(4,100)
Reserves		259,638	253,453	295,010
Retained earnings		149,317	132,646	129,125
		550,149	527,293	561,229
Proposed dividend		-	25,415	-
		550,149	552,708	561,229
Non-controlling interests		1,063	1,064	1,040
TOTAL EQUITY		551,212	553,772	562,269
TOTAL LIABILITIES AND EQUITY		4,275,871	4,212,763	3,969,353



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 30 June 2015 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015 KD 000's	2014 KD 000's	2015 KD 000's	2014 KD 000's
Interest income	9	26,591	27,415	54,182	53,918
Interest expense		(6,344)	(6,153)	(12,795)	(11,426)
NET INTEREST INCOME		20,247	21,262	41,387	42,492
Fees and commissions		8,519	8,197	16,630	15,555
Net gain from dealing in foreign currencies		917	1,345	1,888	2,606
Net gain from investment securities		966	2,124	1,545	4,316
Gain on disposal of assets pending sale		4,002	700	5,714	733
Dividend income		430	266	3,772	1,502
Other operating income		259	281	586	544
OPERATING INCOME		35,340	34,175	71,522	67,748
Staff expenses		(5,280)	(5,520)	(10,443)	(10,756)
General and administrative expenses		(4,274)	(3,464)	(7,845)	(6,990)
Depreciation and amortisation		(125)	(214)	(226)	(454)
OPERATING EXPENSES		(9,679)	(9,198)	(18,514)	(18,200)
OPERATING PROFIT BEFORE PROVISIONS		25,661	24,977	53,008	49,548
Impairment and other provisions	10	(14,832)	(16,835)	(35,667)	(35,755)
PROFIT BEFORE TAXATION		10,829	8,142	17,341	13,793
Taxation		(485)	(362)	(672)	(597)
NET PROFIT FOR THE PERIOD		10,344	7,780	16,669	13,196
Attributable to:					
Shareholders of the Bank		10,348	7,775	16,671	13,190
Non-controlling interests		(4)	5	(2)	6
		10,344	7,780	16,669	13,196
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	11	7.3	5.5	11.8	9.4

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 June 2015 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2015 KD 000's	2014 KD 000's	2015 KD 000's	2014 KD 000's
Net profit for the period	10,344	7,780	16,669	13,196
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified subsequently to consolidated statement of income:				
Changes in fair value of investment securities	4,515	(5,503)	7,258	(2,301)
Net gain on disposal / impairment of investment securities	(650)	(1,900)	(1,072)	(1,697)
	3,865	(7,403)	6,186	(3,998)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,209	377	22,855	9,198
Attributable to:				
Shareholders of the Bank	14,215	374	22,856	9,196
Non-controlling interests	(6)	3	(1)	2
	14,209	377	22,855	9,198

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 30 June 2015 (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	Non-controlling Interests	Total
Balance at 1 January 2014	127,202	13,992	(4,018)	66,791	63,601	17,927	45,603	24,530	81,392	299,844	115,940	8,864	1,083	562,907
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	-	(3,994)	(3,994)	13,190	-	2	9,198
Reversal of revaluation surplus	-	-	-	-	-	-	-	(887)	-	(887)	-	-	-	(887)
Treasury shares purchased	-	-	(901)	-	-	-	-	-	-	-	-	-	-	(901)
Treasury shares sold	-	-	819	-	-	-	47	-	-	47	-	-	-	866
Bonus shares issued	13,992	(13,992)	-	-	-	-	-	-	-	-	-	-	-	866
Dividend paid	-	-	-	-	-	-	-	-	-	-	(8,869)	(8,869)	(45)	(8,914)
Dividend on treasury shares sold	-	-	-	-	-	-	-	-	-	-	5	5	-	-
Balance at 30 June 2014	141,194	-	(4,100)	66,791	63,601	17,927	45,650	23,643	77,398	295,010	129,125	-	1,040	562,269
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	1,064	553,772
Total comprehensive income for the period	-	-	-	-	-	-	-	-	6,185	6,185	16,671	-	(1)	22,855
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(25,415)	-	(25,415)
Balance at 30 June 2015	141,194	-	-	66,791	70,597	17,927	45,380	24,947	33,996	259,638	149,317	-	1,063	551,212

Annual General Assembly of the shareholders' held on 04 April 2015 approved to distribute cash dividend of 18 fils per share (2013: 7 fils per share) and nil bonus shares (2013: 11%) for the year 2014.

Investment valuation reserve includes a loss of KD 5,711 thousand (31 December 2014: KD 5,538 thousand and 30 June 2014: KD 5,330 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.



The Commercial Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 June 2015 (Unaudited)

	Note	Six months ended 30 June	
		2015 KD 000's	2014 KD 000's
OPERATING ACTIVITIES			
Profit before taxation		17,341	13,793
Adjustments for:			
Impairment and other provisions	10	35,667	35,755
Income from investment securities		(5,317)	(5,818)
Foreign exchange loss on investment securities		(1,401)	39
Depreciation and amortisation		226	454
Profit before changes in operating assets and liabilities		<u>46,516</u>	<u>44,223</u>
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		5,968	(18,480)
Due from banks and other financial institutions		167,234	(151,512)
Loans and advances		90,652	6,388
Other assets		9,805	24,980
Due to banks		(178,027)	132,635
Due to other financial institutions		(48,410)	(38,403)
Customer deposits		286,868	(91,399)
Other liabilities		2,821	16,203
Net cash from (used in) operating activities		<u>383,427</u>	<u>(75,365)</u>
INVESTING ACTIVITIES			
Proceeds from disposal of investment securities		12,472	66,439
Acquisition of investment securities		(49,760)	(11,774)
Dividend income from investment securities		3,772	1,502
Proceeds from disposal of premises and equipment		2	46
Acquisition of premises and equipment		(561)	(2,161)
Net cash (used in) from investing activities		<u>(34,075)</u>	<u>54,052</u>
FINANCING ACTIVITIES			
Purchase of treasury shares		-	(901)
Proceeds from sale of treasury shares		-	866
Dividends paid		(25,415)	(8,869)
Dividend paid to non controlling interest		-	(45)
Net cash used in financing activities		<u>(25,415)</u>	<u>(8,949)</u>
Net increase (decrease) in cash and short term funds		323,937	(30,262)
Cash and short term funds at 1 January		525,302	436,620
Cash and short term funds at 30 June	5	<u>849,239</u>	<u>406,358</u>

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 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 registered office of the Bank 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 interim condensed consolidated financial information of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 12 July 2015.

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 2014.

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 June 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015. For further information, refer to the consolidated financial statements included in the Group's annual report for the year ended 31 December 2014.

3 SUBSIDIARY

Name of entity	Country of incorporation	Principal activities	% of ownership		
			30 June 2015	31 December 2014	30 June 2014
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 30 June 2015 amounted to KD nil (30 June 2014: KD 11 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 2014 and in accordance with the instructions of the CBK.

**5 CASH AND SHORT TERM FUNDS**

	30 June 2015 KD 000's	<i>(Audited)</i> 31 December 2014 KD 000's	30 June 2014 KD 000's
Cash and cash items	116,671	89,041	151,193
Balances with the CBK	64,360	31,063	1,766
Deposits with banks maturing within seven days	668,208	405,198	253,399
	849,239	525,302	406,358

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

6 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2015 KD 000's	<i>(Audited)</i> 31 December 2014 KD 000's	30 June 2014 KD 000's
Placements with banks	477,262	694,445	521,677
Loans and advances to banks	12,685	7,374	-
Amounts due from other financial institutions	45,142	-	23,600
	535,089	701,819	545,277
Less : Provision for impairment	(578)	(74)	-
	534,511	701,745	545,277

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 31,696 thousand have been settled.

**8 INVESTMENT SECURITIES**

During the period, the Group recognised an unrealised gain of KD 7,258 thousand (30 June 2014: unrealised loss of KD 2,301 thousand) in the interim condensed consolidated statement of comprehensive income as arising from changes in fair value and recycled fair valuation changes of KD 1,072 thousand (30 June 2014: KD 1,697 thousand) to the interim condensed consolidated statement of income on disposal and impairment of "available for sale" investment securities.

Impairment loss of KD 655 thousand (30 June 2014: KD 3,956 thousand) was charged to the interim condensed consolidated statement of income.

The Bank acquired 221,425,059 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 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 2015, the Bank received a total of 55,303,974 bonus shares. The counterparty raised a legal case challenging the Bank's ownership that is currently pending at the court of law. On the basis of interim order of the court, there is a restriction on the sale of 221,425,059 shares. As at reporting date, the Bank holds title for 252,425,059 shares carried at a fair value of KD 107,281 thousand (31 December 2014: 248,766,598 shares at a fair value of KD 101,994 thousand and 30 June 2014: 389,782,415 shares at a fair value of KD 194,891 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 recognised the resultant fair valuation gain in the Investment Valuation Reserve.

9 INTEREST INCOME

Interest income includes a release of KD 583 thousand (30 June 2014: KD 173 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		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	KD 000's	KD 000's	KD 000's	KD 000's
Loans and advances - specific	(1,373)	(7,946)	(94,925)	(11,331)
Loans and advances - recoveries	2,339	1,563	6,654	3,568
Loans and advances - general	(15,321)	(2,969)	55,856	(3,131)
Investment securities	(354)	(613)	(655)	(3,956)
Non cash facilities	(196)	(311)	(1,449)	(265)
Other provisions	73	(6,559)	(1,148)	(20,640)
	(14,832)	(16,835)	(35,667)	(35,755)



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 June		Six months ended 30 June	
	2015	2014	2015	2014
Net profit for the period attributable to shareholders of the Bank (KD 000's)	<u>10,348</u>	<u>7,775</u>	<u>16,671</u>	<u>13,190</u>
Weighted average of authorised and subscribed shares (numbers in 000's)	1,411,945	1,411,945	1,411,945	1,411,945
Less: Weighted average of treasury shares held (numbers in 000's)	-	(5,866)	-	(5,991)
	<u>1,411,945</u>	<u>1,406,079</u>	<u>1,411,945</u>	<u>1,405,954</u>
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	<u>7.3</u>	<u>5.5</u>	<u>11.8</u>	<u>9.4</u>

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 June 2015			30 June 2014		
	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	-	-	-	-	-	-
Credit cards	3	1	2	-	-	-
Deposits	9	-	285	10	-	134
Executive Management						
Loans	9	-	69	7	-	103
Credit cards	9	2	16	8	2	14
Deposits	13	2	319	12	2	419

The loans issued to directors, key management personnel and related members are repayable within 1 year and have interest rates of 0% (30 June 2014: 0%).


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2015 (Unaudited)

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

	Six months ended 30 June	
	2015 KD 000's	2014 KD 000's
Salaries and other short-term benefits	(436)	(552)
Post employment benefits	(2)	(3)
End of service benefits	(24)	(62)

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 June 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	-	1,651	-	1,651
Financial assets available for sale:				
Equity securities	145,491	33,784	-	179,275
Debt securities	48,840	24,905	-	73,745
Others	-	1,675	-	1,675
	194,331	60,364	-	254,695



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2015 (Unaudited)

	31 December 2014 (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	-	(16,039)	-	(16,039)
Financial assets available for sale:				
Equity securities	131,307	33,276	-	164,583
Debt securities	17,445	24,945	-	42,390
Others	-	1,961	-	1,961
	148,752	60,182	-	208,934
	30 June 2014			
	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	-	(925)	-	(925)
Financial assets available for sale:				
Equity securities	229,303	34,097	-	263,400
Debt securities	6,869	24,792	-	31,661
Others	-	2,124	-	2,124
	236,172	61,013	-	297,185

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2015 (Unaudited)

	KD 000's					
	Corporate and Retail Banking		Treasury and Investment Banking		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2015	2014	2015	2014	2015	2014
Net interest income	38,368	38,396	3,019	4,096	41,387	42,492
Non interest income	22,530	16,537	7,605	8,719	30,135	25,256
Operating income	60,898	54,933	10,624	12,815	71,522	67,748
Impairment and other provisions	(34,678)	(11,116)	(989)	(24,639)	(35,667)	(35,755)
Net profit (loss) for the period	16,357	33,675	312	(20,479)	16,669	13,196
Assets	2,285,272	2,383,290	1,990,599	1,586,063	4,275,871	3,969,353
Liabilities & Equity	1,794,484	1,646,718	2,481,387	2,322,635	4,275,871	3,969,353

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 June 2015 KD 000's	(Audited)	30 June 2014 KD 000's
		31 December 2014 KD 000's	
Acceptances	33,469	55,495	58,840
Letters of credit	119,871	158,064	115,255
Letters of guarantee	991,785	905,174	926,046
	1,145,125	1,118,733	1,100,141



(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
30 June 2015			
Foreign exchange contracts - forward	8,751	7,100	648,599
	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
31 December 2014 (Audited)			
Foreign exchange contracts - forward	1,016	17,055	876,354
	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
30 June 2014			
Foreign exchange contracts - forward	1,135	2,060	455,830

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 1,735 thousand (31 December 2014: KD 1,769 thousand and 30 June 2014: KD 2,120 thousand) have been provided.