

BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES



**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
AND INDEPENDENT AUDITORS' REVIEW REPORT FOR THE PERIOD
FROM 1 JANUARY 2017 TO 31 MARCH 2017(UNAUDITED)**

BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)**



For the period from 1 January 2017 to 31 March 2017

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Boubyan Bank K.S.C.P. (the “Bank”) and its subsidiaries (collectively “the Group”) as at 31 March 2017, and the related interim condensed consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flow for the three months period then ended. The management of the Bank 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 accounts 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 Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the three months period ended 31 March 2017 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 organisation of banking business, and its related regulations, during the three months period ended 31 March 2017 that might have had a material effect on the business of the Bank or on its financial position.

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4 April 2017
Kuwait

BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF PROFIT OR LOSS (UNAUDITED)**

For the period from 1 January 2017 to 31 March 2017

	Notes	Three months ended 31 March	
		2017	2016
		KD'000	KD'000
Income			
Murabaha and other Islamic financing income		34,717	28,537
Finance cost and distribution to depositors		(10,042)	(7,058)
Net financing income		24,675	21,479
Net investment income	3	1,781	612
Net fees and commission income		2,565	3,076
Share of results of associates		(233)	(527)
Net foreign exchange gain		587	457
Operating income		29,375	25,097
Staff costs		(7,318)	(6,487)
General and administrative expenses		(4,143)	(3,459)
Depreciation		(897)	(753)
Operating expenses		(12,358)	(10,699)
Operating profit before provision for impairment		17,017	14,398
Provision for impairment		(5,968)	(4,861)
Operating profit before deductions		11,049	9,537
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(111)	(85)
National Labour Support Tax ("NLST")		(280)	(244)
Zakat		(111)	(98)
Net profit for the period		10,547	9,110
Attributable to:			
Equity holders of the Bank		10,658	9,097
Non-controlling interests		(111)	13
Net profit for the period		10,547	9,110
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	4	4.70	4.01

The notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the period from 1 January 2017 to 31 March 2017

	Three months ended 31 March	
	2017	2016
	KD'000	KD'000
Net profit for the period	10,547	9,110
Other comprehensive income		
Items that are or may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:		
Change in fair value of available for sale investments	267	(14)
Foreign currency translation adjustments	477	594
Other comprehensive income for the period	744	580
Total comprehensive income for the period	11,291	9,690
Attributable to:		
Equity holders of the Bank	11,402	9,677
Non-controlling interests	(111)	13
Total comprehensive income for the period	11,291	9,690

The notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION (UNAUDITED)

As at 31 March 2017

		31 March 2017	(Audited) 31 December 2016	31 March 2016
	Notes	KD'000	KD'000	KD'000
Assets				
Cash and balances with banks	5	65,132	36,911	28,814
Deposits with Central Bank of Kuwait		283,350	292,742	177,215
Deposits with other banks	6	348,877	328,952	502,098
Islamic financing to customers		2,671,142	2,516,760	2,267,653
Financial assets at fair value through profit or loss		19,627	19,495	14,796
Available for sale investments		158,533	160,305	136,368
Investments in associates		60,724	62,204	73,734
Investment properties		24,755	24,680	23,493
Other assets		14,874	13,943	16,085
Property and equipment		26,135	25,815	19,871
Total assets		3,673,149	3,481,807	3,260,127
Liabilities and equity				
Liabilities				
Due to banks		73,669	76,278	290,944
Depositors' accounts		3,143,503	2,945,076	2,620,852
Other liabilities		34,331	37,300	27,953
Total liabilities		3,251,503	3,058,654	2,939,749
Equity				
Share capital		227,473	216,641	216,641
Share premium		62,896	62,896	62,896
Proposed bonus shares	12	-	10,832	-
Treasury shares	8	(1,122)	(1,438)	(406)
Statutory reserve		14,329	14,329	9,998
Voluntary reserve		13,713	13,713	9,570
Share based payment reserve		1,405	1,540	1,209
Fair value reserve		3,966	3,699	4,145
Foreign currency translation reserve		(8,622)	(9,099)	(8,668)
Retained earnings		29,537	18,884	22,413
Proposed cash dividends	12	-	12,974	-
Equity attributable to equity holders of the Bank		343,575	344,971	317,798
Perpetual Tier 1 Sukuk		75,388	75,388	-
Non-controlling interests		2,683	2,794	2,580
Total equity		421,646	423,153	320,378
Total liabilities and equity		3,673,149	3,481,807	3,260,127



Mahmoud Yousef Al-Fulajj
Chairman



Adel Abdul Wahab Al-Majed
Vice Chairman & Chief Executive Officer

The notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 January 2017 to 31 March 2017

	Share capital	Share premium	Proposed bonus share	Treasury shares	Statutory reserve	Voluntary reserve	Share based payment reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Proposed cash dividends	Equity attributable to equity holders of the Bank	Perpetual tier 1 Sukuk	Non-controlling interests	Total equity
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Balance at 1 January 2017	216,641	62,896	10,832	(1,438)	14,329	13,713	1,540	3,699	(9,099)	18,884	12,974	344,971	75,388	2,794	423,153
Profit for the period	-	-	-	-	-	-	-	-	-	10,658	-	10,658	-	(111)	10,547
Other comprehensive income	-	-	-	-	-	-	-	267	477	-	-	744	-	-	744
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	267	477	10,658	-	11,402	-	(111)	11,291
Share based payment	-	-	-	-	-	-	93	-	-	-	-	93	-	-	93
Dividends paid (note 12)	-	-	-	-	-	-	-	-	-	(5)	(12,974)	(12,979)	-	-	(12,979)
Issue of bonus shares (note 12)	10,832	-	(10,832)	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	316	-	-	(228)	-	-	-	-	88	-	-	88
Balance at 31 March 2017	227,473	62,896	-	(1,122)	14,329	13,713	1,405	3,966	(8,622)	29,537	-	343,575	75,388	2,683	421,646
Balance at 1 January 2016	206,325	62,896	10,316	(568)	9,998	9,570	1,171	4,159	(9,262)	13,320	10,307	318,232	-	2,567	320,799
Profit for the period	-	-	-	-	-	-	-	-	-	9,097	-	9,097	-	13	9,110
Other comprehensive loss	-	-	-	-	-	-	-	(14)	594	-	-	580	-	-	580
Total comprehensive (loss)/ income for the period	-	-	-	-	-	-	-	(14)	594	9,097	-	9,677	-	13	9,690
Share based payment	-	-	-	-	-	-	149	-	-	-	-	149	-	-	149
Dividends paid	-	-	-	-	-	-	-	-	-	(4)	(10,307)	(10,311)	-	-	(10,311)
Issue of bonus shares	10,316	-	(10,316)	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	162	-	-	(111)	-	-	-	-	51	-	-	51
Balance at 31 March 2016	216,641	62,896	-	(406)	9,998	9,570	1,209	4,145	(8,668)	22,413	-	317,798	-	2,580	320,378

The notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
CASH FLOWS (UNAUDITED)

For the period from 1 January 2017 to 31 March 2017

	Note	Three months ended 31 March	
		2017	2016
		KD'000	KD'000
OPERATING ACTIVITIES			
Net profit for the period		10,547	9,110
Adjustments for:			
Provision for impairment		5,968	4,861
Depreciation		897	753
Foreign currency translation adjustments		301	1,863
Net gain from available for sale investments		(475)	(7)
Net (gain)/loss from financial assets at fair value through profit or loss		(161)	50
Share of results of associates		233	527
Dividend income		(353)	(90)
Realized gain from investment properties		(7)	(49)
Share based payment reserve		93	149
Operating profit before changes in operating assets and liabilities		17,043	17,167
Changes in operating assets and liabilities:			
Deposits with Central Bank of Kuwait		9,392	(49,108)
Deposits with other banks		18,126	(65,255)
Islamic financing to customers		(158,150)	(96,340)
Other assets		(931)	(1,916)
Due to banks		(2,609)	(91,805)
Depositors' accounts		198,427	221,917
Other liabilities		(3,050)	(2,499)
Dividend income received		353	90
Net cash generated from / (used in) operating activities		78,601	(67,749)
INVESTING ACTIVITIES			
Proceeds from sale of financial assets at fair value through profit or loss		-	525
Purchase of available for sale investments		(51,398)	(15,840)
Proceeds from sale of available for sale investments		53,177	5,198
Purchase of property and equipment		(1,217)	(1,842)
Dividend received from associate		-	397
Net cash generated from / (used in) investing activities		562	(11,562)
FINANCING ACTIVITIES			
Cash dividends		(12,979)	(10,311)
Proceeds from exercise of shares options		88	51
Net cash (used in) financing activities		(12,891)	(10,260)
Net increase /(decrease) in cash and cash equivalents		66,272	(89,571)
Cash and cash equivalents at beginning of the period		87,380	465,259
Cash and cash equivalents at end of the period	5	153,652	375,688

The notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

For the period from 1 January 2017 to 31 March 2017

1. INCORPORATION AND ACTIVITIES

Boubyan Bank K.S.C.P. (“the Bank”) is a Kuwaiti public shareholding company incorporated on 21 September 2004, in accordance with the Commercial Companies Law in the State of Kuwait, by Amiri Decree No. 88 and in accordance with the rules and regulations of the Central Bank of Kuwait (“CBK”) (Law No. 30 of 2003).

The Bank’s shares were listed on the Kuwait Stock Exchange on 15 May 2006.

The Bank was licensed by the CBK on 28 November 2004. The Bank is principally engaged in providing banking services, in accordance with Codes of the Islamic Sharia’a, as approved by the Bank’s Sharia’a Supervisory Board.

On 31 July 2012; the Bank became a subsidiary of National Bank of Kuwait K.S.C.P. (“the Parent Company”).

This interim condensed consolidated financial information as at and for the three months period ended 31 March 2017 incorporates the financial information of the Bank and its principal operating subsidiaries, Boubyan Takaful Insurance Company K.S.C. (Closed) and Boubyan Capital Investment Company K.S.C. (Closed), (together referred to as “the Group”) and the Group’s interests in associates.

The address of the Bank’s registered office is P.O. Box 25507, Safat 13116, State of Kuwait.

This interim condensed consolidated financial information was authorised for issue by the Board of Directors on 4 April 2017.

2. SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. 34, Interim Financial Reporting, and the Kuwait Stock Exchange instruction No. 2 of 1998.

The annual consolidated financial statements for the year ended 31 December 2016 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39, ‘Financial Instruments: Recognition and Measurement’, requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait’s requirement for a minimum general provision made on all applicable credit facilities (net of certain categories of collateral) that are not provided specifically.

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2016.

The interim condensed consolidated financial information has been prepared using the same accounting policies and methods of computation with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2016, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2017 and which did not result in any material impact on the accounting policies, financial position or performance of the Group.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. The operating results for the three months period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the year ending 31 December 2017.

For the period from 1 January 2017 to 31 March 2017

3. NET INVESTMENT INCOME

	Three months ended 31 March	
	2017	2016
	KD'000	KD'000
Sukuk coupon income	692	516
Dividend income	353	90
Net gain/(loss) from financial assets at fair value through profit or loss	161	(50)
Net gain from available for sale investments	475	7
Income from investment properties	100	49
Net investment income	1,781	612

4. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to the equity holders of the Bank by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to the equity holders of the Bank by the weighted average number of shares outstanding during the period plus the weighted average number of share that would be issued on the conversion of all the dilutive potential shares into shares. The diluted earnings per share arising from the issue of employee share option does not result in any change to the reported basic earnings per share.

	Three months ended 31 March	
	2017	2016
Net profit for the year attributable to the equity holders of the Bank (KD'000)	10,658	9,097
Weighted average number of shares outstanding during the period net of treasury shares (thousands of shares)	2,268,380	2,270,664
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	4.70	4.01

Earnings per share for the prior period was 4.20 fils, before retroactive adjustment to the number of shares following the bonus issue (note 12).

5. CASH AND CASH EQUIVALENTS

	(Audited)		
	31 March 2017	31 December 2016	31 March 2016
	KD'000	KD'000	KD'000
Cash and balances with banks	65,132	36,911	28,814
Placements with banks maturing within seven days	88,520	50,469	346,874
	153,652	87,380	375,688

6. DEPOSITS WITH OTHER BANKS

The geographical distribution of balances deposits with other banks is as follows:

	(Audited)		
	31 March 2017	31 December 2016	31 March 2016
	KD'000	KD'000	KD'000
Kuwait & Middle East	333,552	313,419	421,058
Europe	15,325	15,533	81,040
	348,877	328,952	502,098

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

For the period from 1 January 2017 to 31 March 2017

7. RELATED PARTY TRANSACTIONS

Related parties comprise the major shareholders, board of directors, entities controlled by them or under their joint control, associates, key management personnel and their close family members and the Parent Company including their board member, key management personnel, branches, associates and subsidiaries. Balances with related parties arise from commercial transactions in the normal course of business on an arm's length basis and are included within the following financial information captions:

	Number of board members or executive officers			Number of related parties			(Audited)		
	31 March 2017	31 December 2016	31 March 2016	31 March 2017	31 December 2016	31 March 2016	31 March 2017	31 December 2016	31 March 2016
							KD'000	KD'000	KD'000
Islamic financing to customers	8	8	9	3	3	3	2,939	2,965	3,820
Depositors' accounts	17	17	16	10	9	8	20,984	22,563	47,822
Letters of guarantee and letters of credit	1	1	1	1	1	-	25	25	43
Murabaha and other Islamic financing income							19	83	21
Finance cost and distribution to depositors							(53)	(500)	(212)
Parent Company									
Due from banks							119,965	124,188	76,219
Due to banks							26,886	38,528	49,389
Murabaha and other Islamic financing income							320	595	38
Finance cost and distribution to depositors							(38)	(278)	(109)

7. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of key management personnel

Details of compensation to key management comprise the following:

	Three months ended 31 March	
	2017	2016
	KD'000	KD'000
Short-term benefits	451	462
Post-employment benefits	101	106
Share based compensation	133	121
	685	689

8. TREASURY SHARES

The Bank held the following treasury shares:

	31 March 2017	(Audited)	
		31 December 2016	31 March 2016
Number of treasury shares	3,323,164	4,024,946	1,293,247
Treasury shares as a percentage of total issued shares - %	0.1461%	0.1858%	0.0597%
Cost of treasury shares – KD thousand	1,122	1,438	406
Market value of treasury shares – KD thousand	1,396	1,590	543
Weighted average of market value per share – KD	0.415	0.382	0.423

9. CONTINGENCIES AND COMMITMENTS

At the financial reporting date there were outstanding contingencies and commitments entered in the ordinary course of business in respect of the following:

	31 March 2017	(Audited)	
		31 December 2016	31 March 2016
	KD'000	KD'000	KD'000
Guarantees	204,773	200,246	199,030
Acceptances and letters of credit	69,621	58,604	46,696
Other commitments	27,799	27,969	10,228
	302,193	286,819	255,954

10. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. The operating segments are divided as either business segments or geographical segments.

Business Segments

For management purposes, the Bank is organized into the following four major business segments:

Consumer banking: Provides a diversified range of products and services to individuals and institutional customers. The range includes consumer finance, credit cards, deposits and other branch related services.

Corporate banking: Provides Murabaha, Ijarah, trade service and other related services to business and corporate customers.

Investment banking: Principally handling direct investments, investment in associates, local and international real estate investment and asset management.

Treasury: Principally handling local and international Murabaha and other Islamic financing, primarily with banks, as well as the management of the Bank's funding operations.

Group centre: Includes other group activities and residual in respect of transfer pricing and inter segment allocation.

	Consumer banking	Corporate banking	Investment banking	Treasury	Group centre	Total
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
Three months ended 31 March 2017						
Net financing income/(loss)	13,818	8,083	(536)	1,946	1,364	24,675
Operating income	14,834	10,512	758	2,533	738	29,375
Net profit/(loss) for the period	8,483	8,374	(2,087)	2,429	(6,652)	10,547
Total assets	1,209,471	1,686,997	167,435	634,265	(25,019)	3,673,149
Total liabilities	1,316,328	279,283	24,755	1,629,790	1,347	3,251,503
Three months ended 31 March 2016						
Net financing income/(loss)	12,467	7,377	(530)	1,602	563	21,479
Operating income/(loss)	13,480	9,514	(19)	2,051	71	25,097
Net profit/(loss) for the period	8,012	8,513	(5,049)	1,944	(4,310)	9,110
Total assets	1,049,721	1,441,352	148,894	626,041	(5,881)	3,260,127
Total liabilities	1,098,533	260,608	22,472	1,562,138	(4,002)	2,939,749

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and other models as appropriate.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: input other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Level 1	Level 2	Level 3	Total
	KD'000	KD'000	KD'000	KD'000
31 March 2017				
Financial assets at fair value through profit or loss	-	16,640	2,987	19,627
Available for sale investments	123,386	25,050	10,097	158,533
	<u>123,386</u>	<u>41,690</u>	<u>13,084</u>	<u>178,160</u>
31 December 2016 (Audited)				
Financial assets at fair value through profit or loss	-	16,508	2,987	19,495
Available for sale investments	122,255	27,953	10,097	160,305
	<u>122,255</u>	<u>44,461</u>	<u>13,084</u>	<u>179,800</u>
31 March 2016				
Financial assets at fair value through profit or loss	-	12,236	2,560	14,796
Available for sale investments	104,832	21,432	10,104	136,368
	<u>104,832</u>	<u>33,668</u>	<u>12,664</u>	<u>151,164</u>

Fair values of all financial instruments are not materially different from their carrying values.

The movement in Level 3 of financial instrument during the period are as follows:

	At 1	Change in	Additions/	Sale/	Exchange	At 31
	January	fair value	transfers	redemption	rate	March
	KD'000	KD'000	KD'000	KD'000	KD'000	KD'000
31 March 2017:						
<i>Assets measured at fair value</i>						
Financial assets at fair value through profit or loss	2,987	-	-	-	-	2,987
Available for sale investments	10,097	10	-	-	(10)	10,097
	<u>13,084</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>13,084</u>
31 March 2016:						
<i>Assets measured at fair value</i>						
Financial assets at fair value through profit or loss	2,560	-	-	-	-	2,560
Available for sale investments	10,153	(2)	-	(32)	(15)	10,104
	<u>12,713</u>	<u>(2)</u>	<u>-</u>	<u>(32)</u>	<u>(15)</u>	<u>12,664</u>

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statements of profit and loss and other comprehensive income would be immaterial if the relevant risk variables used to fair value the securities classified under level 2 and level 3 were altered by 5 percent.

12. ANNUAL GENERAL ASSEMBLY MEETING

The shareholders' annual general assembly held on 12 March 2017 approved the audited consolidated financial statements of the Bank for the year ended 31 December 2016 and the distribution of a cash dividends of **6 fils** per share payable to the shareholders registered in Bank's records as of the date of Annual General Assembly Meeting and **5%** bonus shares to the shareholders on record at the date of regulatory approval for distribution of bonus shares.