



Date: 20 October 2022
Ref: 23 / 01 / 253 / 2022

التاريخ: 20 أكتوبر 2022
الإشارة: 2022 / 253 / 01 / 23

To: Chief Executive Officer

Boursa Kuwait

Peace, Mercy and Blessings of Allah be upon you,

السيد/ الرئيس التنفيذي المحترم

بورصة الكويت

السلام عليكم ورحمة الله وبركاته،

Subject: Disclosure of Material Information

الموضوع: الإفصاح عن المعلومات الجوهرية

CBK Approval on KFH's Interim Condensed
Consolidated Financial Information

موافقة بنك الكويت المركزي على المعلومات المالية
المرحلية المكثفة المجمعة
الربع الثالث 2022

Q 3 / 2022

In reference to the above, and in line with Kuwait Finance House 'KFH' interest in adhering to Article (4-1-1/28) of Chapter 4 'Disclosure of Material Information' of CMA Executive Bylaws Book 10 (Disclosure and Transparency), KFH would like to report the following:

- Central Bank of Kuwait has issued their approval on the KFH's Interim Condensed Consolidated Financial Information for Q 3 / 2022.
- The Analyst Conference will be conducted at 2 p.m. on Monday 24 October 2022 through live broadcasting on internet (Live Webcast).
- The Interested Parties could communicate with the bank via the Email (investor.relations@kfh.com) to obtain the invitation and other details.

Attached, the Appendix (10) 'Disclosure of Material Information' and the 'the 'Financial Results Form' for the period ended as of 30 September 2022'. The same been submitted to Capital Markets Authority.

Best Regards,

Shadi Ahmed Zahran

Acting Group Chief Executive Officer

بالإشارة إلى الموضوع أعلاه، وحرصاً من بيت التمويل الكويتي "بيتك" على الالتزام بمتطلبات المادة (4-1-1/28) من الفصل الرابع (الإفصاح عن المعلومات الجوهرية) من الكتاب العاشر (الإفصاح والشفافية) من اللائحة التنفيذية لهيئة أسواق المال، يفيد بيتك بما يلي:

- قد صدرت موافقة بنك الكويت المركزي على المعلومات المالية المرحلية المكثفة المجمعة لبيتك للربع الثالث من عام 2022.
- سوف يتم عقد مؤتمر للمحللين عن طريق بث مباشر على شبكة الإنترنت وذلك في تمام الساعة 2 بعد ظهر يوم الاثنين الموافق 24 أكتوبر 2022.
- يمكن للأطراف المهتمة القيام بالتواصل مع البنك للحصول على الدعوة وتفاصيل المشاركة من خلال البريد الإلكتروني (investor.relations@kfh.com).

مرفق لكم نموذج "الإفصاح عن المعلومات الجوهرية" وفقاً للملحق رقم (10)، ونموذج "نتائج البيانات المالية" عن الفترة المالية المنتهية كما في 30 سبتمبر 2022، هذا وقد تم تزويد السادة / هيئة أسواق المال بنسخة منهما.

وتفضلوا بقبول فائق الاحترام،

شادي أحمد زهران

الرئيس التنفيذي للمجموعة بالتكليف



بيت التمويل الكويتي
Kuwait Finance House

20 October 2022

20 أكتوبر 2022

Kuwait Finance House (KFH)

بيت التمويل الكويتي (بيتك)

Appendix (10)

ملحق رقم (10)

Disclosure of Material Information Form

نموذج الإفصاح عن المعلومات الجوهرية

CBK Approval on KFH's Interim Condensed
Consolidated Financial Information
Q 3 / 2022

موافقة بنك الكويت المركزي على المعلومات المالية
المرحلية المكثفة المجمعة
الربع الثالث 2022

Disclosure of Material Information

Date	Listed Company
20 October 2022	Kuwait Finance House (KFH)
Disclosure Title	
CBK Approval on KFH's Interim Condensed Consolidated Financial Information Q 3 / 2022	
Material Information	
<ul style="list-style-type: none"> Central Bank of Kuwait has issued their approval on the KFH's Interim Condensed Consolidated Financial Information for Q 3 / 2022. The Analyst Conference will be conducted at 2 p.m. on Monday 24 October 2022 through live broadcasting on internet (Live Webcast). The Interested Parties could communicate with the bank via the Email (investor.relations@kfh.com) to obtain the invitation and other details. 	
Effect of the Material Information on the Company's Financial Position	
-	
<p>Significant Effect on the financial position shall be mentioned if the material information can measure that effect, excluding the financial effect resulting from tenders or similar contracts.</p> <p>If a Listed Company, which is a member of a Group, disclosed some material information related to it and has Significant Effect on other listed companies' which are members of the same Group, the other companies' disclosure obligations are limited to disclosing the information and the financial effect occurring to that company itself.</p>	

الإفصاح عن المعلومات الجوهرية

التاريخ	اسم الشركة المدرجة
20 أكتوبر 2022	بيت التمويل الكويتي "بيتك"
عنوان الإفصاح	
موافقة بنك الكويت المركزي على المعلومات المالية المرحلية المكثفة المجمعة الربع الثالث 2022	
المعلومة الجوهرية	
<ul style="list-style-type: none"> قد صدرت موافقة بنك الكويت المركزي على المعلومات المالية المرحلية المكثفة المجمعة لبيتك للربع الثالث من عام 2022. سوف يتم عقد مؤتمر للمحللين عن طريق بث مباشر على شبكة الإنترنت وذلك في تمام الساعة 2 بعد ظهر يوم الاثنين الموافق 24 أكتوبر 2022. يمكن للأطراف المهتمة القيام بالتواصل مع البنك للحصول على الدعوة وتفاصيل المشاركة من خلال البريد الإلكتروني (investor.relations@kfh.com). 	
أثر المعلومة الجوهرية على المركز المالي للشركة	
-	
<p>يتم ذكر الأثر على المركز المالي في حال كانت المعلومة الجوهرية قابلة لقياس ذلك الأثر. ويستثنى الأثر المالي الناتج عن المناقصات والممارسات وما يشبهها من عقود.</p> <p>إذا قامت شركة مدرجة من ضمن مجموعة بالإفصاح عن معلومة جوهرية تخصها ولها انعكاس مؤثر على باقي الشركات المدرجة من ضمن المجموعة. فإن واجب الإفصاح على باقي الشركات المدرجة ذات العلاقة يقتصر على ذكر المعلومة والأثر المالي المترتب على تلك الشركة بعينها.</p>	



بيت التمويل الكويتي
Kuwait Finance House



Financial Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية
الشركات الكويتية (د.ك.)

اسم الشركة	بيت التمويل الكويتي (ش.م.ك.ع)
Company Name	Kuwait Finance House (K.S.C.P)

نتائج الربع الثالث المنتهي في	2022-09-30	Third quarter results Ended on
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تاريخ اجتماع مجلس الإدارة	2022-10-11	Board of Directors Meeting Date
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المستندات الواجب إرفاقها بالنموذج	Required Documents
نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات	Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided

البيان	فترة التسعة أشهر الحالية Nine Month Current Period	فترة التسعة أشهر المقارنة Nine Month Comparat Period	التغيير (%) Change (%)
	2022-09-30	2021-09-30	
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	205,772,416	168,087,643	22.4%
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	21.90	18.26	19.9%
الموجودات المتداولة Current Assets	12,125,658,759	12,177,872,145	-0.4%
إجمالي الموجودات Total Assets	22,668,291,351	21,971,330,508	3.2%
المطلوبات المتداولة Current Liabilities	15,900,602,359	15,260,937,305	4.2%
إجمالي المطلوبات Total Liabilities	20,206,032,551	19,649,164,405	2.8%
إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company	1,999,103,804	1,928,912,993	3.6%
إجمالي الإيرادات التشغيلية Total Operating Revenue	698,014,371	590,793,002	18.1%
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	463,380,549	364,262,227	27.2%
الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital	لا يوجد خسائر متراكمة No accumulated losses	لا يوجد خسائر متراكمة No accumulated losses	-



البيان	الربع الثالث الحالي Third quarter Current Period	الربع الثالث المقارن Third quarter Comparative Period	التغيير (%) Change (%)
	2022-09-30	2021-09-30	
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	67,688,927	65,894,910	2.7%
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	7.35	7.16	2.7%
إجمالي الإيرادات التشغيلية Total Operating Revenue	240,283,150	190,737,733	26.0%
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	155,048,329	116,277,400	33.3%

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

سبب ارتفاع/انخفاض صافي الربح (الخسارة)	Increase/Decrease in Net Profit (Loss) is due to
ترجع الزيادة في صافي الربح الخاص بمساهمي البنك عن فترة التسعة أشهر المنتهية في 30 سبتمبر 2022 بنسبة 22.4% مقارنة بنفس الفترة من العام السابق بصفة رئيسية إلى ارتفاع صافي إيرادات التشغيل بنسبة 27.2%، والنتيجة عن زيادة إجمالي إيرادات التشغيل بنسبة 18.1%، متضمنة زيادة صافي إيرادات التمويل بنسبة 14.8%، بالإضافة إلى انخفاض المخصصات وإنخفاض القيمة المحمل علي بيان الدخل المجمع بنسبة 49.6% مقارنة بنفس الفترة من العام السابق. وقد قابل ذلك إثبات الخسائر الناجمة عن تطبيق المعيار المحاسبي الدولي رقم IAS 29 على البنك التابع في تركيا نتيجة ارتفاع معدلات التضخم بمبلغ 85.2 مليون دينار كويتي متضمنة نصيب الحقوق غير المسيطرة .	The increase in net profit attributable to the shareholders of the bank for the nine months period ended 30 September 2022 by 22.4% compared to the same period last year is mainly due to the increase in net operating income by 27.2%. which resulted from an increase in total operating income by 18.1%, including an increase in net financing income by 14.8%, in addition to a decrease in provisions and impairment charged to the consolidated statement of income by 49.6% compared to the same period last year. This offset by recording the losses from the application of IAS 29 on the subsidiary bank in Turkey as a result of high inflation rates by KD 85.2 million, including the share of non-controlling interests.

بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	5,095,319	Total Revenue realized from dealing with related parties (value, KWD)
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	10,002,221	Total Expenditures incurred from dealing with related parties (value, KWD)



Auditor Opinion		رأي مراقب الحسابات
1. Unqualified Opinion	<input checked="" type="checkbox"/>	1. رأي غير متحفظ
2. Qualified Opinion	<input type="checkbox"/>	2. رأي متحفظ
3. Disclaimer of Opinion	<input type="checkbox"/>	3. عدم إبداء الرأي
4. Adverse Opinion	<input type="checkbox"/>	4. رأي معاكس

In the event of selecting item No. 2, 3 or 4,
the following table must be filled out, and this form is not
considered complete unless it is filled.

بحال اختيار بند رقم 2 أو 3 أو 4 يجب تعبئة
الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

نص رأي مراقب الحسابات كما ورد في التقرير	لا ينطبق / Not applicable
شرح تفصيلي بالحالة التي استندت مراقب الحسابات لإبداء الرأي	لا ينطبق / Not applicable
الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات	لا ينطبق / Not applicable
الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات	لا ينطبق / Not applicable



Corporate Actions		استحقاقات الاسهم (الاجراءات المؤسسية)
النسبة	القيمة	
لا يوجد / None	لا يوجد / None	توزيعات نقدية Cash Dividends
لا يوجد / None	لا يوجد / None	توزيعات أسهم منحة Bonus Share
لا يوجد / None	لا يوجد / None	توزيعات أخرى Other Dividend
لا يوجد / None	لا يوجد / None	عدم توزيع أرباح No Dividends
لا يوجد / None	لا يوجد / None	زيادة رأس المال Capital Increase
لا يوجد / None	لا يوجد / None	تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
 بيت التمويل الكويتي Kuwait Finance House		رئيس المالية للمجموعة	شادي زهران

Ref. :/105/2 : الإشارة

التاريخ : 24 ربيع الأول 1444... Date :

الموافق : 20 أكتوبر 2022... :

السيد الرئيس التنفيذي للمجموعة بالتكليف المحترم
بيت التمويل الكويتي

تحية طيبة وبعد،

بالإشارة إلى كتابكم المؤرخ 2022/10/11 بشأن البيانات المالية المرحلية المجمعة لمصرفكم للفترة من 2022/1/1 حتى 2022/9/30، وعطفاً على الإيضاحات والبيانات التفصيلية المطلوبة في هذا الشأن والتي كان آخرها بتاريخ 2022/10/19.

نفيدكم بأن بنك الكويت المركزي قد أحيط علماً بما جاء في البيانات المالية المشار إليها، وعليه فإنه يمكنكم اتخاذ كافة الإجراءات الضرورية المتبعة في هذا الخصوص.

وتفضلوا بقبول فائق الاحترام،،،

عبد الحميد داود العوض



مدير إدارة الرقابة الميدانية

- نسخة إلى بورصة الكويت.

**KUWAIT FINANCE HOUSE K.S.C.P. AND
ITS SUBSIDIARIES**

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

30 SEPTEMBER 2022

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Finance House K.S.C.P. (“the Bank”) and its subsidiaries (collectively “the Group”) as at 30 September 2022 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income, for the three-months and nine-months periods then ended and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-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 preparation 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 preparation 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, as amended, and its executive regulations, as amended, or of the Bank's Memorandum of Incorporation and Articles of Association, during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Bank or on its financial position.

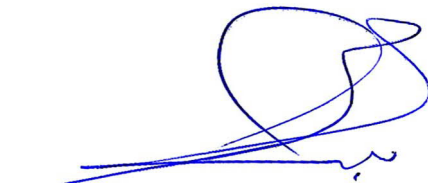
**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE
K.S.C.P. (continued)**

Report on Other Legal and Regulatory Requirements (continued)

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, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Bank or on its financial position.



SHEIKHA AL FULAIJ
LICENCE NO. 289 A
EY
AL AIBAN, AL OSAIMI & PARTNERS



BADER A. AL-WAZZAN
LICENCE NO. 62A
DELOITTE & TOUCHE
AL-WAZZAN & CO.

20 October 2022
Kuwait

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 September 2022

	Notes	<i>KD 000's</i>	
		<i>Three months ended</i>	<i>Nine months ended</i>
		<i>30 September 2022</i>	<i>30 September 2021</i>
INCOME			
Financing income		310,490	227,490
Finance cost and estimated distribution to depositors	3	(122,211)	(76,285)
Net financing income		188,279	151,205
Investment income		20,062	2,551
Fees and commission income		23,680	17,946
Net (loss) gain from foreign currencies		(1,957)	8,503
Other operating income		10,219	10,533
TOTAL OPERATING INCOME		240,283	190,738
OPERATING EXPENSES			
Staff costs		(55,045)	(45,267)
General and administrative expenses		(21,577)	(18,848)
Depreciation and amortisation		(8,613)	(10,346)
TOTAL OPERATING EXPENSES		(85,235)	(74,461)
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENT		155,048	116,277
Provisions and impairment		(14,378)	(28,268)
Net monetary loss (Note 16)		(39,120)	-
OPERATING PROFIT BEFORE TAXATION		101,550	88,009
Taxation	5	(30,666)	(12,314)
PROFIT FOR THE PERIOD		70,884	75,695
Attributable to:			
Shareholders of the Bank		67,689	65,895
Non-controlling interests		3,195	9,800
		70,884	75,695
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	4	7.35 fils	7.16 fils
		21.90 fils	18.26 fils

The attached notes 1 to 17 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2022

	<i>KD 000's</i>			
	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2022</i>	<i>30 September 2021</i>	<i>30 September 2022</i>	<i>30 September 2021</i>
Profit for the period	70,884	75,695	248,641	211,797
<i>Items that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
Revaluation (loss) gain on equity instruments at fair value through other comprehensive income	(4,714)	(305)	(3,971)	14,954
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income:</i>				
Sukuk investments at fair value through other comprehensive income:				
Net change in fair value during the period	(15,400)	(3,004)	17,706	(117)
Net transfer to interim condensed consolidated statement of income	42,833	5,332	(15,664)	(24,102)
Net gain (loss) on sukuk investments at fair value through other comprehensive income	27,433	2,328	2,042	(24,219)
Share of other comprehensive loss from associates and joint ventures	(1,050)	(36)	(2,082)	(96)
Exchange differences on translation of foreign operations	(11,965)	(9,468)	(142,292)	(101,243)
Other comprehensive income (loss) for the period	9,704	(7,481)	(146,303)	(110,604)
Total comprehensive income for the period	80,588	68,214	102,338	101,193
Attributable to:				
Shareholders of the Bank	66,467	58,654	84,414	92,139
Non-controlling interests	14,121	9,560	17,924	9,054
	80,588	68,214	102,338	101,193

The attached notes 1 to 17 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

		KD 000's		
			(Audited)	
	Notes	30 September 2022	31 December 2021	30 September 2021
ASSETS				
Cash and balances with banks and financial institutions	7	2,073,648	2,325,092	2,901,270
Due from banks		3,132,211	3,349,685	3,071,798
Financing receivables	8	12,466,204	11,355,363	11,344,740
Investment in Sukuk		3,082,784	2,734,922	2,734,470
Trading properties		96,760	96,304	99,115
Investments		209,887	218,754	226,176
Investment in associates and joint ventures		429,251	491,703	490,607
Investment properties		344,827	325,128	339,759
Other assets		568,554	654,468	515,940
Intangible assets		34,494	32,351	33,390
Property and equipment		229,671	204,442	214,066
TOTAL ASSETS		22,668,291	21,788,212	21,971,331
LIABILITIES				
Due to banks and financial institutions		3,274,298	2,594,754	2,444,936
Sukuk payables		162,687	216,717	394,497
Depositors' accounts		15,858,019	15,866,901	16,009,407
Other liabilities		911,029	802,658	800,324
TOTAL LIABILITIES		20,206,033	19,481,030	19,649,164
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK				
Share capital	9	928,571	844,155	844,155
Share premium		720,333	720,333	720,333
Proposed issue of bonus shares	9	-	84,416	-
Treasury shares		(27,828)	(27,739)	(27,739)
Reserves	6	378,028	209,996	392,164
		1,999,104	1,831,161	1,928,913
Proposed cash dividends	9	-	100,442	-
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK		1,999,104	1,931,603	1,928,913
Perpetual Tier 1 Sukuk	10	233,100	226,875	226,238
Non-controlling interests		230,054	148,704	167,016
TOTAL EQUITY		2,462,258	2,307,182	2,322,167
TOTAL LIABILITIES AND EQUITY		22,668,291	21,788,212	21,971,331

ABDUL AZIZ YACOUB ALNAFISI
(VICE CHAIRMAN)

SHADI AHMED ZAHRAN
(ACTING GROUP CHIEF EXECUTIVE OFFICER)

The attached notes 1 to 17 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2022

	<i>Attributable to shareholders of the Bank</i>								<i>Perpetual Tier 1 Sukuk</i>	<i>Non- controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Proposed issue of bonus shares</i>	<i>Treasury shares</i>	<i>Reserves (Note 6)</i>	<i>Subtotal</i>	<i>Proposed cash dividends</i>	<i>Subtotal</i>			
Balance at 1 January 2022	844,155	720,333	84,416	(27,739)	209,996	1,831,161	100,442	1,931,603	226,875	148,704	2,307,182
Profit for the period	-	-	-	-	205,772	205,772	-	205,772	-	42,869	248,641
Other comprehensive loss	-	-	-	-	(121,358)	(121,358)	-	(121,358)	-	(24,945)	(146,303)
Total comprehensive income	-	-	-	-	84,414	84,414	-	84,414	-	17,924	102,338
Zakat	-	-	-	-	(20,202)	(20,202)	-	(20,202)	-	-	(20,202)
Issue of bonus shares (Note 9)	84,416	-	(84,416)	-	-	-	-	-	-	-	-
Cash dividends (Note 9)	-	-	-	-	-	-	(100,442)	(100,442)	-	-	(100,442)
Net movement in treasury shares	-	-	-	(89)	-	(89)	-	(89)	-	-	(89)
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	-	-	(6,225)	(6,225)	-	(6,225)	6,225	-	-
Profit payment on Perpetual Tier 1 Sukuk	-	-	-	-	(4,140)	(4,140)	-	(4,140)	-	-	(4,140)
Group's share of associate adjustments	-	-	-	-	(1,756)	(1,756)	-	(1,756)	-	-	(1,756)
Impact of application of IAS 29 (Note 16)	-	-	-	-	106,331	106,331	-	106,331	-	64,509	170,840
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(2,722)	(2,722)
Disposal of a subsidiary	-	-	-	-	9,610	9,610	-	9,610	-	(149)	9,461
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,788	1,788
Balance at 30 September 2022	928,571	720,333	-	(27,828)	378,028	1,999,104	-	1,999,104	233,100	230,054	2,462,258

The attached notes 1 to 17 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the period ended 30 September 2022

									KD 000's		
	Attributable to shareholders of the Bank								Perpetual Tier 1	Non- controlling interests	Total equity
	Share capital	Share premium	Proposed issue of bonus shares	Treasury shares	Reserves (Note 6)	Subtotal	Proposed cash dividends	Subtotal			
Balance at 1 January 2021	767,414	720,333	76,741	(27,739)	323,199	1,859,948	76,093	1,936,041	-	165,357	2,101,398
Profit for the period	-	-	-	-	168,088	168,088	-	168,088	-	43,709	211,797
Other comprehensive loss	-	-	-	-	(75,949)	(75,949)	-	(75,949)	-	(34,655)	(110,604)
Total comprehensive income	-	-	-	-	92,139	92,139	-	92,139	-	9,054	101,193
Zakat	-	-	-	-	(20,508)	(20,508)	-	(20,508)	-	-	(20,508)
Issue of bonus shares (Note 9)	76,741	-	(76,741)	-	-	-	-	-	-	-	-
Cash dividends (Note 9)	-	-	-	-	-	-	(76,093)	(76,093)	-	-	(76,093)
Issue of Perpetual Tier 1 Sukuk (Note 10)	-	-	-	-	-	-	-	-	225,788	-	225,788
Transaction costs on issue of Perpetual Tier 1 Sukuk	-	-	-	-	(535)	(535)	-	(535)	-	-	(535)
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	-	-	(450)	(450)	-	(450)	450	-	-
Group's share of associate adjustments	-	-	-	-	(1,681)	(1,681)	-	(1,681)	-	-	(1,681)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-	(6,765)	(6,765)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(630)	(630)
Balance at 30 September 2021	844,155	720,333	-	(27,739)	392,164	1,928,913	-	1,928,913	226,238	167,016	2,322,167

The attached notes 1 to 17 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2022

		<i>KD 000's</i>	
		<i>Nine months ended</i>	
	<i>Notes</i>	<i>30 September 2022</i>	<i>30 September 2021</i>
OPERATING ACTIVITIES			
Profit for the period		248,641	211,797
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		26,984	31,321
Provisions and impairment		59,618	118,243
Gain on sale of investments		(8,820)	(10,296)
Dividend income		(2,494)	(2,247)
Share of results of associates and joint ventures		(1,219)	(5,631)
Loss (gain) on sale of investment properties		230	(8,272)
Monetary loss from hyperinflation	16	85,245	-
		408,185	334,915
Changes in operating assets and liabilities			
<i>Decrease (increase) in operating assets:</i>			
Financing receivables and due from banks		(1,410,136)	(577,351)
Investment in Sukuks		(359,269)	12,605
Trading properties		(456)	3,280
Other assets		77,906	212,119
Statutory deposit with Central Banks		121,842	(580,781)
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		679,544	(509,179)
Depositors' accounts		(8,882)	692,072
Other liabilities		(33,795)	(158,666)
Net cash flows used in operating activities		(525,061)	(570,986)
INVESTING ACTIVITIES			
Investments, net		5,540	(5,184)
Additions/ purchase of investment properties		(44)	(1,893)
Proceeds from sale of investment properties		28,449	23,193
Purchase of property and equipment		(11,836)	(14,423)
Proceeds from sale of property and equipment		1,805	6,020
Intangible assets, net		(2,143)	(1,000)
Proceeds from sale/redemption of investment in associates and joint ventures		20,959	-
Dividend received		6,416	2,923
Proceeds from disposal of a subsidiary		3,142	6,170
Net cash flows from investing activities		52,288	15,806
FINANCING ACTIVITIES			
Net proceeds from issue of Perpetual Tier 1 Sukuk		-	225,788
Profit payment on perpetual Tier-1 Sukuk		(4,140)	-
Movement in Sukuk payable		(54,030)	79,392
Net movement in treasury shares		(89)	-
Cash dividends paid		(99,834)	(72,204)
Dividends paid to non-controlling interest		(2,722)	-
Zakat paid		(2,212)	(6,948)
Net cash flows (used in) from financing activities		(163,027)	226,028
NET DECREASE IN CASH AND CASH EQUIVALENTS		(635,800)	(329,152)
Cash and cash equivalents at 1 January	7	2,888,168	3,351,559
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	2,252,368	3,022,407

The attached notes 1 to 17 form part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2022

1 INCORPORATION AND REGISTRATION

The interim condensed consolidated financial information of Kuwait Finance House K.S.C.P. (“the Bank”) and subsidiaries (collectively “the Group”) for the nine months period ended 30 September 2022 were authorised for issue by the Bank’s Board of Directors on 11 October 2022.

The shareholders’ annual ordinary general assembly held on 21 March 2022 approved the audited consolidated financial statements of the Group for the year ended 31 December 2021.

The Bank is a public shareholding company incorporated in Kuwait on 23 March 1977 and is registered as an Islamic bank with the Central Bank of Kuwait. It is engaged in all Islamic banking activities for its own account as well as for third parties, including financing, purchase and sale of investments, leasing, project construction and other trading activities without practising usury. The Bank’s registered head office is at Abdulla Al-Mubarak Street, Murqab, Kuwait.

All activities are conducted in accordance with Islamic Shari’a, as approved by the Bank’s Fatwa and Shari’a Supervisory Board.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting, except as noted below:

The annual consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) with the following amendments:

- ▶ Expected credit loss (“ECL”) to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 – Financial Instruments (“IFRS 9”) in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures; and
- ▶ Recognition of modification losses on financial assets arising from payment holidays to customers as a result of COVID during the financial year ended 31 December 2020, as required by CBK circular no. 2/BS/IBS/461/2020 dated 5 July 2020. Modification losses referred to in the circular, should be recognised in retained earnings instead of profit or loss as would be required by IFRS 9. However, modification loss on financial assets arising from any other payment holidays to customers shall be recognised in profit or loss in accordance with IFRS 9. All modification losses incurred after the year ended 31 December 2020 are recognised in the interim condensed consolidated statement of income. The application of the policy resulted in application of different accounting presentation for modification loss in 2020.

The above framework is hereinafter referred to as “IFRS as adopted by CBK for use by the State of Kuwait”.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

Further, results for the nine months period ended 30 September 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments and accounting policies adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022 and first application of IAS 29 "Financial Reporting in Hyperinflationary Economies". The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments had no material impact on the interim condensed consolidated financial statements of the Group as there were no significant modifications of the Group's financial instruments during the period.

IAS 29 Financial Reporting in Hyperinflationary Economies

The financial information of subsidiary companies whose functional currency is the currency of a hyperinflationary economy are adjusted for inflation prior to their translation to Kuwaiti Dinars. Once restated, all items of the financial statements are converted to Kuwaiti Dinars using the closing exchange rate. Amounts shown for prior years for comparative purposes are not restated at consolidation level as the presentation currency of the Group is not of a hyperinflationary economy. On consolidation, the effect of price changes in the prior periods on the financial information of the subsidiary has been recognised directly in the interim condensed consolidated statement of changes in equity.

The financial information of subsidiaries whose functional currency is the currency of a hyperinflationary economy are adjusted to reflect the changes in purchasing power of the local currency, such that all items in the interim condensed consolidated statement of financial position not expressed in current terms (non-monetary items) are restated by applying a general price index at the reporting date and all income and expenses are restated by applying appropriate conversion factors.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

3 FINANCE COST AND ESTIMATED DISTRIBUTION TO DEPOSITORS

The management of the Bank has estimated distribution to depositors and profit attributable to Bank's shareholders based on the results for the nine months period ended 30 September 2022. The actual distribution to depositors and profit attributable to Bank's shareholders could be different from the amounts presented in the interim condensed consolidated statement of income.

The actual profit to be distributed to all parties concerned will be determined by the Board of Directors of the Bank in accordance with the Bank's Articles of Association, based on the annual audited results for the year ending 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2022

**4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS
OF THE BANK**

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Bank after profit payment on Perpetual Tier 1 Sukuk, by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2022</i>	<i>30 September 2021</i>	<i>30 September 2022</i>	<i>30 September 2021</i>
Basic and diluted earnings per share:				
Profit for the period attributable to shareholders of the Bank (thousand KD)	67,689	65,895	205,772	168,088
Less: Profit payment on Perpetual Tier 1 Sukuk (thousand KD)	-	-	(4,140)	-
Profit for the period attributable to shareholders of the Bank after profit payment on Perpetual Tier 1 Sukuk (thousand KD)	67,689	65,895	201,632	168,088
Weighted average number of shares outstanding during the period, net of treasury shares (thousand shares)	9,207,101	9,207,191	9,207,123	9,207,191
Basic and diluted earnings per share attributable to the shareholders of the Bank	7.35 fils	7.16 fils	21.90 fils	18.26 fils

The comparative basic and diluted earnings per share have been restated for bonus shares issued (Note 9). The employees' shares-based payments plan has no impact on earnings per share.

5 TAXATION

	<i>Three months ended</i>		<i>KD 000's Nine months ended</i>	
	<i>30 September 2022</i>	<i>30 September 2021</i>	<i>30 September 2022</i>	<i>30 September 2021</i>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(606)	(578)	(1,846)	(1,356)
National Labour Support Tax (NLST)	(2,346)	(1,265)	(6,982)	(3,013)
Zakat (based on Zakat Law No. 46/2006)	(930)	(682)	(3,437)	(1,614)
Taxation related to subsidiaries	(26,784)	(9,789)	(57,612)	(28,239)
	(30,666)	(12,314)	(69,877)	(34,222)

Kuwait Finance House K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

6 RESERVES

The movement of reserves is analysed as follows:

	<i>30 September 2022</i>							<i>KD 000's</i>
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Other reserves</i>	<i>Total</i>
Balance at 1 January 2022	365,663	233,723	1,346	15,028	57,001	(439,587)	(23,178)	209,996
Profit for the period	-	-	205,772	-	-	-	-	205,772
Other comprehensive loss	-	-	-	-	(35,214)	(86,144)	-	(121,358)
Total comprehensive income (loss)	-	-	205,772	-	(35,214)	(86,144)	-	84,414
Zakat	-	(20,202)	-	-	-	-	-	(20,202)
Transfer of fair value reserve of equity investment at FVOCI	-	-	90	-	(90)	-	-	-
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	(6,225)	-	-	-	-	(6,225)
Profit payment on Perpetual Tier 1 Sukuk	-	-	(4,140)	-	-	-	-	(4,140)
Group's share of associate adjustments	-	-	(1,756)	-	-	-	-	(1,756)
Impact of application of IAS 29 (Note 16)	-	-	106,331	-	-	-	-	106,331
Disposal of a subsidiary	-	-	-	-	-	9,610	-	9,610
Balance at 30 September 2022	365,663	213,521	301,418	15,028	21,697	(516,121)	(23,178)	378,028

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

6 RESERVES (continued)

	<i>30 September 2021</i>							<i>KD 000's</i>
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Other reserves</i>	<i>Total</i>
Balance at 1 January 2021	340,325	228,893	1,306	15,028	66,933	(305,515)	(23,771)	323,199
Profit for the period	-	-	168,088	-	-	-	-	168,088
Other comprehensive loss	-	-	-	-	(5,905)	(70,044)	-	(75,949)
Total comprehensive income (loss)	-	-	168,088	-	(5,905)	(70,044)	-	92,139
Zakat	-	(20,508)	-	-	-	-	-	(20,508)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	232	-	(232)	-	-	-
Transaction costs on issue of perpetual Tier 1 Sukuk	-	-	(535)	-	-	-	-	(535)
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	(450)	-	-	-	-	(450)
Group's share of associate adjustments	-	-	(1,681)	-	-	-	-	(1,681)
Balance at 30 September 2021	340,325	208,385	166,960	15,028	60,796	(375,559)	(23,771)	392,164

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2022

7 CASH AND CASH EQUIVALENTS

	<i>KD 000's</i>		
	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
Cash	185,093	204,187	191,107
Balances with Central Banks	1,275,928	1,566,773	2,157,914
Balances with banks and financial institutions – current accounts	612,627	554,132	552,249
Cash and balances with banks and financial institutions	2,073,648	2,325,092	2,901,270
Due from banks maturing within 3 months of contract date	1,299,368	1,805,566	1,523,034
Less: Statutory deposits with Central Banks	(1,120,648)	(1,242,490)	(1,401,897)
Cash and cash equivalents	2,252,368	2,888,168	3,022,407

8 FINANCING RECEIVABLES

Financing receivables principally comprises of murabaha, wakala, leased assets, istisna'a balances and other receivables, and is stated net of impairment as follows:

	<i>KD 000's</i>		
	<i>30 September 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 September 2021</i>
Financing receivables, net of deferred and suspended profit	13,108,165	12,006,745	11,992,913
Less: impairment	(641,961)	(651,382)	(648,173)
	12,466,204	11,355,363	11,344,740

The available provision balance on non-cash facilities of KD 11,922 thousand (31 December 2021: KD 14,684 thousand and 30 September 2021: KD 14,878 thousand) is included under other liabilities.

Total provision for ECL is accounted as per CBK regulation which require ECL to be measured at the higher of the ECL computed under IFRS 9 in accordance with CBK or the provision required by CBK instructions. Total provision for credit losses recorded as per CBK instructions for utilized and unutilized cash and non-cash financing facilities as at 30 September 2022 is KD 653,883 thousand (31 December 2021: KD 666,066 thousand and 30 September 2021: KD 663,051 thousand) which exceeds the ECL for financing receivables under IFRS 9 in accordance with CBK, by KD 382,142 thousand (31 December 2021: KD 367,231 thousand and 30 September 2021: KD 313,979 thousand).

An analysis of the gross amounts of credit facilities, and the corresponding ECL provision based on the staging criteria under IFRS 9 in accordance with CBK regulations is as below:

<i>30 September 2022</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables	10,996,065	1,812,904	299,196	13,108,165
Financing commitments and contingent liabilities (Note 12)	1,060,904	268,425	15,786	1,345,115
ECL provision for credit facilities	29,646	111,272	130,823	271,741

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

8 FINANCING RECEIVABLES (continued)

<i>31 December 2021</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables	9,880,080	1,744,464	382,201	12,006,745
Financing commitments and contingent liabilities (Note 12)	1,075,925	265,574	21,156	1,362,655
ECL provision for credit facilities	31,495	120,110	147,230	298,835
<i>30 September 2021</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables	9,638,550	1,902,264	452,099	11,992,913
Financing commitments and contingent liabilities (Note 12)	1,061,676	293,016	22,358	1,377,050
ECL provision for credit facilities	27,460	126,556	195,056	349,072

An analysis of the changes in the expected credit losses in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance to the CBK guidelines is detailed below:

<i>30 September 2022</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance as at 1 January 2022	31,495	120,110	147,230	298,835
Impact due to transfer between stages	10,666	(8,998)	(1,668)	-
Net (decrease) increase in ECL for the period	(7,722)	29,935	19,416	41,629
Amounts written off	-	-	(12,677)	(12,677)
Foreign exchange adjustments	(4,793)	(29,775)	(21,478)	(56,046)
At 30 September 2022	<u>29,646</u>	<u>111,272</u>	<u>130,823</u>	<u>271,741</u>
<i>30 September 2021</i>	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance as at 1 January 2021	35,381	162,964	161,189	359,534
Impact due to transfer between stages	1,036	(11,256)	10,220	-
Net (decrease) increase in ECL for the period	(7,058)	(12,800)	61,206	41,348
Amounts written off	-	-	(24,140)	(24,140)
Foreign exchange adjustments	(1,899)	(12,352)	(13,419)	(27,670)
At 30 September 2021	<u>27,460</u>	<u>126,556</u>	<u>195,056</u>	<u>349,072</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

9 SHARE CAPITAL, ISSUE OF BONUS SHARES AND CASH DIVIDENDS

The ordinary general assembly of the Bank's shareholders held on 21 March 2022 approved to distribute bonus shares of 10% (2020: 10%) of the issued and fully paid share capital, and cash dividends of 12 fils per share (2020: 10 fils per share) to the Bank's shareholders, for the year ended 31 December 2021.

The Extra-ordinary general assembly of the Bank's shareholders held on 21 March 2022 also approved to increase the authorised share capital to be comprised of 13,485,707,127 shares (31 December 2021: 12,641,551,934 and 30 September 2021: 12,641,551,934) shares of 100 fils each.

The issued, and fully paid share capital as at 30 September 2022 comprise of 9,285,707,127 shares (31 December 2021: 8,441,551,934 and 30 September 2021: 8,441,551,934) shares of 100 fils each.

The Extra-ordinary general assembly of the Bank's shareholders held on 25 July 2022, approved to increase the issued and paid-up capital of KFH by way of issuing a maximum of 4,200,000,000 shares at the nominal value of the share and to allocate these shares to the shareholders registered in the shareholders register of Ahli United Bank B.S.C. ("AUB – Bahrain") on the day to be determined for executing the acquisition and authorised the Board of Directors to take all necessary actions to implement the capital increase to implement the acquisition.

Subsequent to the reporting date, on 2 October 2022, the issued and fully paid share capital were increased from 9,285,707,127 shares to 13,309,448,363 shares by issuing 4,023,741,236 shares at nominal value to the accepting shareholders of AUB - Bahrain (Note 17).

10 PERPETUAL TIER 1 SUKUK

On 30 June 2021, the Bank through a Sharia's compliant Sukuk arrangement issued Perpetual Tier 1 Sukuk amounting to USD 750 million. The Tier 1 Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The Perpetual Tier 1 Sukuk is listed on the London Stock Exchange and callable by the Bank after five-year period ending September 2026 (the "First Call Date") or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of the Perpetual Tier 1 Sukuk are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted co-mingling basis, by the Bank in its general business activities carried out through the general Mudaraba pool. Perpetual Tier 1 Sukuk bears an expected profit rate of 3.6% per annum to be paid semi-annually in accordance with the terms of the issue. Transaction costs incurred on the issue of the Perpetual Tier 1 Sukuk is accounted as a deduction from equity.

11 DIRECTORS' FEES

The ordinary general assembly meeting of the shareholders of the Bank for the year ended 31 December 2021 held on 21 March 2022 approved the directors' fees proposed for the year ended 31 December 2021 of KD 1,096 thousand (2020: KD 608 thousand).

12 CONTINGENCIES AND COMMITMENTS

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

	KD 000's		
	30 September 2022	(Audited) 31 December 2021	30 September 2021
Acceptances and letters of credit	178,488	195,008	160,049
Letters of guarantee	1,166,627	1,167,647	1,217,001
Contingencies	1,345,115	1,362,655	1,377,050
Capital commitments and others	294,853	281,289	320,486

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

13 RELATED PARTY TRANSACTIONS

Certain related parties (major shareholders, directors and executive employees, officers of the Group, their immediate relatives, associated companies joint ventures and companies of which they are the principal owners) are depositors and financing facilities customers of the Group, in the ordinary course of business. Such transactions were made on substantially the same terms, including profit rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk.

The balances included in the interim condensed consolidated statement of financial position are as follows:

KD 000's							
		Board members and executive officers	Other related parties	Total			
Major shareholders	Associates			30 September 2022	(Audited) 31 December 2021	30 September 2021	
Related parties							
Financing receivables Due to banks and financial institutions	-	209,088	2,421	1,638	213,147	226,714	236,181
Depositors' accounts	457,933	62,635	-	-	520,568	744,591	759,775
Contingencies and commitments	-	23,569	22,470	8,848	54,887	54,652	49,296
	486	5,481	-	519	6,486	6,848	7,160

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

					<i>KD 000's</i>	
					<i>Total</i>	
					<i>Nine months ended</i>	
<i>Major shareholders</i>	<i>Associates</i>	<i>Board members and executive officers</i>	<i>Other related parties</i>	<i>30 September 2022</i>	<i>30 September 2021</i>	
Financing income	-	4,842	65	46	4,953	5,608
Fee and commission income	-	21	119	2	142	263
Finance cost and estimated distribution to depositors	8,982	599	66	355	10,002	6,486

Salaries, allowances and bonuses of key management personnel, termination benefits of key management personnel and remuneration of board members of the Bank and all consolidated subsidiaries are as follows:

		<i>KD 000's</i>	
		<i>Nine months ended</i>	
		<i>30 September 2022</i>	<i>30 September 2021</i>
Salaries, allowances and bonuses of key management personnel		10,618	9,332
Termination and long term benefits of key management personnel		1,012	777
Board of directors' remuneration		201	217
		11,831	10,326

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

13 RELATED PARTY TRANSACTIONS (continued)

Details of the interests of the Group's Board Members, Executive Officers and their immediate relatives are as follows:

	<i>KD 000's</i>								
	<i>The number of Board Members or Executive Officers</i>			<i>The number of related parties (Relatives of Board Members or Executive Officers)</i>			<i>Values</i>		
	<i>(Audited)</i>			<i>(Audited)</i>			<i>(Audited)</i>		
	<i>30 September 2022</i>	<i>31 December 2021</i>	<i>30 September 2021</i>	<i>30 September 2022</i>	<i>31 December 2021</i>	<i>30 September 2021</i>	<i>30 September 2022</i>	<i>31 December 2021</i>	<i>30 September 2021</i>
Board Members									
Finance facilities and credit cards	25	23	25	18	17	21	1,726	1,122	1,158
Depositors' accounts	48	49	55	115	122	126	21,959	13,321	12,513
Collateral against finance facilities	1	1	1	2	1	1	2,161	1,771	1,771
Executive Officers									
Finance facilities and credit cards	61	70	68	23	18	17	2,151	2,532	2,953
Depositors' accounts	80	79	76	128	114	117	7,243	8,465	9,029
Collateral against finance facilities	4	7	6	3	1	3	2,881	1,755	3,039

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

At 30 September 2022

14 SEGMENTAL ANALYSIS**Primary segment information**

For management purposes, the Group is organized into four major business segments. The principal activities and services under these segments are as follows:

Treasury:	Liquidity management, murabaha investments, investment in Sukuk, exchange of deposits with banks and financial institutions and international banking relationships.
Retail and Private Banking:	Consumer banking provides a diversified range of products and services to individual. Private banking provides comprehensive range of customised and innovative banking services to high net worth individuals
Corporates Banking:	Providing a range of banking services and investment products to corporates, providing commodity and real estate murabaha finance, local leasing, wakala and istisna'a facilities.
Investment:	Managing direct equity and real estate investments, non-banking Group entities, associates and joint ventures.

	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Retail and private banking</i>	<i>Corporate banking</i>	<i>Investment</i>	<i>Total</i>
30 September 2022					
Total assets	<u>7,593,287</u>	<u>7,335,882</u>	<u>6,041,404</u>	<u>1,697,718</u>	<u>22,668,291</u>
Total liabilities	<u>3,679,004</u>	<u>12,819,134</u>	<u>3,145,572</u>	<u>562,323</u>	<u>20,206,033</u>
Operating income	<u>178,797</u>	<u>193,033</u>	<u>215,886</u>	<u>110,298</u>	<u>698,014</u>
Provisions and impairment	<u>(26,792)</u>	<u>(5,946)</u>	<u>2,186</u>	<u>(29,066)</u>	<u>(59,618)</u>
Profit (loss) for the period	<u>140,196</u>	<u>40,553</u>	<u>166,430</u>	<u>(98,538)</u>	<u>248,641</u>

	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Retail and private banking</i>	<i>Corporate banking</i>	<i>Investment</i>	<i>Total</i>
30 September 2021					
Total assets	<u>7,681,546</u>	<u>6,867,702</u>	<u>5,818,353</u>	<u>1,603,730</u>	<u>21,971,331</u>
Total liabilities	<u>3,185,324</u>	<u>13,064,386</u>	<u>2,947,206</u>	<u>452,248</u>	<u>19,649,164</u>
Operating income	<u>56,414</u>	<u>245,991</u>	<u>191,472</u>	<u>96,916</u>	<u>590,793</u>
Provisions and impairment	<u>16,195</u>	<u>(7,558)</u>	<u>(101,466)</u>	<u>(25,414)</u>	<u>(118,243)</u>
Profit for the period	<u>61,642</u>	<u>95,451</u>	<u>38,488</u>	<u>16,216</u>	<u>211,797</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

15 FAIR VALUES

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

Level 1: quoted (unadjusted) prices in active markets.

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

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 September 2022:

	<i>KD 000's</i>			
Financial assets measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at fair value profit and loss	-	16,169	-	16,169
Equities at FVTPL	38,367	29,017	21,784	89,168
Equities at FVOCI	42,179	-	62,371	104,550
Investment in Sukuk FVTPL	338,830	-	-	338,830
Investment in Sukuk FVOCI	2,415,335	-	42,484	2,457,819
<i>Derivative financial assets:</i>				
Forward contracts	-	4,506	-	4,506
Profit rate swaps	-	8,658	-	8,658
Currency swaps	-	21,991	-	21,991
	<u>2,834,711</u>	<u>80,341</u>	<u>126,639</u>	<u>3,041,691</u>
				<i>KD 000's</i>
Financial liabilities measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	2,621	-	2,621
Currency swaps	-	1,439	-	1,439
Embedded precious metals	-	809	-	809
	<u>-</u>	<u>4,869</u>	<u>-</u>	<u>4,869</u>

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2021:

	<i>KD 000's</i>			
Financial assets measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at fair value profit and loss	-	16,169	-	16,169
Equities at FVTPL	55,473	29,237	12,003	96,713
Equities at FVOCI	45,441	-	60,431	105,872
Investment in Sukuk FVTPL	299,309	-	-	299,309
Investment in Sukuk FVOCI	2,247,873	-	60,090	2,307,963
<i>Derivative financial assets:</i>				
Forward contracts	-	12,379	-	12,379
Currency swaps	-	11,254	-	11,254
Embedded precious metals	-	12,594	-	12,594
	<u>2,648,096</u>	<u>81,633</u>	<u>132,524</u>	<u>2,862,253</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

15 FAIR VALUES (continued)

	KD 000's			
Financial liabilities measured at fair value:	(Level 1)	(Level 2)	(Level 3)	Total
<i>Derivative financial liabilities:</i>				
Forward contracts	-	3,095	-	3,095
Profit rate swaps	-	13,620	-	13,620
Currency swaps	-	4,662	-	4,662
Embedded precious metals	-	227	-	227
	-	21,604	-	21,604

The following table provides the fair value measurement hierarchy of the Group financial assets and financial liabilities as at 30 September 2021:

	KD 000's			
Financial assets measured at fair value:	(Level 1)	(Level 2)	(Level 3)	Total
Venture capital at fair value profit and loss	-	16,068	-	16,068
Equities at FVTPL	15,333	45,025	41,482	101,840
Equities at FVOCI	43,274	-	64,994	108,268
Investment in Sukuk FVTPL	290,469	-	-	290,469
Investment in Sukuk FVOCI	2,271,371	-	60,683	2,332,054
<i>Derivative financial assets:</i>				
Forward contracts	-	3,382	-	3,382
Currency swaps	-	13,104	-	13,104
	2,620,447	77,579	167,159	2,865,185

	KD 000's			
Financial liabilities measured at fair value:	(Level 1)	(Level 2)	(Level 3)	Total
<i>Derivative financial liabilities:</i>				
Forward contracts	-	1,119	-	1,119
Profit rate swaps	-	16,630	-	16,630
Currency swaps	-	14,936	-	14,936
Embedded precious metals	-	99	-	99
	-	32,784	-	32,784

No transfers have been made between the levels of hierarchy.

Level 3 investments included unquoted Sukuk of KD 42,484 thousand (31 December 2021: KD 60,090 thousand and 30 September 2021: KD 60,683 thousand) and unquoted equity investments of KD 84,155 thousand (31 December 2021: KD 72,434 thousand and 30 September 2021: KD 106,476 thousand). Investment in Sukuk included in this category represent Investment in Sukuk issued by sovereign entities, financial institutions and corporates. The fair values of unquoted Investment in Sukuk are estimated using discounted cash flow method using discount rate ranging from 4.9% to 12.2% (31 December 2021: 1.2% to 6.4% and 30 September 2021: 1.04% to 5.86%). Unquoted equity investments are fair valued using valuation technique that is appropriate in the circumstances. Valuation techniques include discounted cash flow models, observable market information of comparable companies, recent transaction information and net asset values. Significant unobservable inputs used in valuation techniques mainly include discount rate, terminal growth rate, revenue and profit estimates. The impact on the consolidated statement of financial position or the consolidated statement of income or the consolidated statement of changes in equity would be immaterial if the relevant risk variables used for fair value estimates to fair value the unquoted equity investments were altered by 5%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2022

15 FAIR VALUES (continued)

The following table below shows a reconciliation of the opening and the closing balance of level 3 financial assets measured at fair value:

	<i>KD 000's</i>	
	<i>2022</i>	<i>2021</i>
As at 1 January	132,524	185,369
Fair value re-measurement	4,852	3,595
Disposal, net	(10,737)	(21,805)
As at 30 September	126,639	167,159

16 HYPERINFLATION ACCOUNTING

The subsidiary Kuwait Turkish Participation Bank (KTPB) has banking operations in Turkey. The Turkish economy has been assessed as a hyperinflationary economy based on cumulative inflation rates over the previous three years, in April 2022. The Group determined the Consumer Price Index ("CPI") provided by the Turkish State Institute of Statistics to be the appropriate general price index to be considered in the application of IAS 29, *Financial Reporting in Hyperinflationary Economies* on the subsidiary's financial statements. The level and movement of the price index during the current and previous reporting period is as below:

<i>Reporting period</i>	<i>Index</i>	<i>Conversion factor</i>
30 September 2022	1,015.65	1.478
31 December 2021	686.95	1.361

17 ACQUISITION OF THE SHARES OF AHLI UNITED BANK B.S.C.

The ordinary and extra-ordinary general assembly of the Bank's shareholders held on 25 July 2022, approved the Board of Directors' recommendation to acquire 100% of the shares of Ahli United Bank B.S.C. ("AUB - Bahrain") by way of share swap at the exchange ratio of one KFH share against 2.695 shares of AUB - Bahrain, and authorised the Board of Directors to implement all relevant procedures, and to dispatch the acquisition offer and fulfill the related procedures.

On 24 September 2022, the Parent Company received 97.273% acceptances with respect to the acquisition offer.

Subsequent to the reporting date, on 2 October 2022, the Parent Company has acquired control of AUB - Bahrain, by issuing 4,023,741,236 new shares of the Parent Company to the accepting AUB - Bahrain shareholders at a purchase consideration of 799 fils per share. Further, the shares of the Parent Company have also been listed on Bahrain Bourse with effect from 6 October 2022.