

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

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

30 SEPTEMBER 2015

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Period ended 30 September 2015

		<i>KD 000's</i>			
		<i>Three months ended</i>		<i>Nine months ended</i>	
<i>Notes</i>		<i>30 September 2015</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>30 September 2014</i>
INCOME					
	Financing income	166,895	185,591	486,721	472,918
3	Finance cost and estimated distribution to depositors	(64,583)	(86,437)	(197,586)	(211,190)
	Net finance income	102,312	99,154	289,135	261,728
	Investment income	15,088	10,724	66,084	75,213
	Fees and commission income	20,556	21,842	57,236	58,707
	Share of result (loss) of associates and joint ventures	7,113	(632)	6,887	1,322
	Net gain from foreign currencies	11,484	10,392	21,816	18,729
	Other income	16,871	16,040	64,007	59,659
	TOTAL OPERATING INCOME	173,424	157,520	505,165	475,358
EXPENSES					
	Staff costs	(42,771)	(46,390)	(138,760)	(137,036)
	General and administrative expenses	(24,317)	(24,219)	(68,509)	(77,344)
	Depreciation and amortization	(21,924)	(20,010)	(62,502)	(56,608)
	TOTAL EXPENSES	(89,012)	(90,619)	(269,771)	(270,988)
	Net operating income	84,412	66,901	235,394	204,370
	Provisions and impairment	(27,411)	(23,763)	(79,269)	(74,344)
	PROFIT BEFORE TAX AND ZAKAT	57,001	43,138	156,125	130,026
	Contribution to Kuwait Foundation for the Advancement of Sciences	(447)	(365)	(1,092)	(932)
	National Labour Support Tax	(728)	(419)	(1,842)	(1,546)
	Zakat (based on Zakat Law No. 46/2006)	(227)	(226)	(579)	(643)
	Taxation related to subsidiaries	(4,436)	(6,236)	(13,302)	(16,383)
	PROFIT FOR THE PERIOD	51,163	35,892	139,310	110,522
	Attributable to:				
	Shareholders of the Bank	43,365	35,526	105,705	90,094
	Non-controlling interests	7,798	366	33,605	20,428
		51,163	35,892	139,310	110,522
	Basic and diluted earnings per share attributable to the shareholders of the Bank	4	4	4	4
		9.25 fils	7.58 fils	22.54 fils	19.22 fils

The attached notes 1 to 14 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)

Period ended 30 September 2015

	<i>KD 000's</i>			
	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2015</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>30 September 2014</i>
Profit for the period	51,163	35,892	139,310	110,522
Other comprehensive income (loss)				
<i>Other comprehensive income (loss) to be reclassified to interim condensed consolidated statement of income subsequent periods:</i>				
Change in fair value of financial assets available for sale	4,679	(327)	(784)	8,207
Change in fair value of currency swaps, profit rate swaps, and forward foreign exchange contracts	-	(6)	-	36
Realised loss on financial assets available for sale	828	4,183	1,864	5,876
Impairment losses on financial assets available for sale transferred to interim condensed consolidated statement of income	3,786	5,939	12,353	15,068
Share of other comprehensive (loss) income of associates and joint ventures	1,225	(395)	775	605
Exchange differences on translation of foreign operations	(61,505)	(12,468)	(79,029)	(25,811)
Other comprehensive (loss) income for the period	(50,987)	(3,074)	(64,821)	3,981
Total comprehensive income	176	32,818	74,489	114,503
Attributable to:				
Shareholders of the Bank	8,238	44,157	70,286	110,380
Non-controlling interests	(8,062)	(11,339)	4,203	4,123
	176	32,818	74,489	114,503

The attached notes 1 to 14 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)

At 30 September 2015

		<i>KD 000's</i>		
		<i>30 September</i>	<i>(Audited)</i>	<i>(Restated)</i>
	<i>Notes</i>	<i>2015</i>	<i>31 December</i>	<i>30 September</i>
			<i>2014</i>	<i>2014</i>
ASSETS				
Cash and balances with banks and financial institutions	6	1,500,616	1,604,135	1,560,617
Short-term murabaha		3,031,936	3,222,420	3,258,133
Financing receivables		7,968,301	8,118,921	8,116,415
Trading properties		199,180	179,265	176,215
Investments		1,358,052	1,369,484	1,344,058
Investment in associates and joint ventures		473,663	462,710	485,033
Investment properties		503,462	529,285	514,225
Other assets		649,356	639,455	637,203
Intangible assets and goodwill		52,911	61,793	62,690
Property and equipment		923,132	877,362	825,121
Leasehold rights		140,180	117,081	119,161
TOTAL ASSETS		16,800,789	17,181,911	17,098,871
LIABILITIES				
Due to banks and financial institutions		2,977,794	3,451,262	3,444,656
Depositors' accounts		10,901,475	10,881,392	10,862,141
Other liabilities		825,086	752,216	741,202
TOTAL LIABILITIES		14,704,355	15,084,870	15,047,999
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK				
Share capital	7	476,504	433,185	433,185
Share premium		720,333	720,333	720,333
Proposed issue of bonus shares	7	-	43,319	-
Treasury shares		(50,104)	(52,497)	(52,004)
Reserves	5	588,050	537,315	621,475
		1,734,783	1,681,655	1,722,989
Proposed cash dividend	7	-	63,935	-
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK		1,734,783	1,745,590	1,722,989
Non-controlling interests		361,651	351,451	327,883
TOTAL EQUITY		2,096,434	2,097,041	2,050,872
TOTAL LIABILITIES AND EQUITY		16,800,789	17,181,911	17,098,871

HAMAD ABDUL MOHSEN AL-MARZOUQ
(CHAIRMAN)

MAZIN SAAD AL-NAHEDH
(GROUP CHIEF EXECUTIVE OFFICER)

The attached notes 1 to 14 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)

Period ended 30 September 2015

	<i>Attributable to shareholders of the Bank</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 5)</i>	<i>Subtotal</i>	<i>Proposed cash dividend</i>	<i>Subtotal</i>		
At 1 January 2014 (<i>as previously reported</i>)	383,350	720,333	49,835	(56,118)	582,497	1,679,897	48,968	1,728,865	336,356	2,065,221
Effect of restatement (Note 14)	-	-	-	-	(65,722)	(65,722)	-	(65,722)	(46,278)	(112,000)
At 1 January 2014 (restated)	383,350	720,333	49,835	(56,118)	516,775	1,614,175	48,968	1,663,143	290,078	1,953,221
Profit for the period	-	-	-	-	90,094	90,094	-	90,094	20,428	110,522
Other comprehensive income (loss)	-	-	-	-	20,286	20,286	-	20,286	(16,305)	3,981
Total comprehensive income	-	-	-	-	110,380	110,380	-	110,380	4,123	114,503
Zakat Paid	-	-	-	-	(6,020)	(6,020)	-	(6,020)	-	(6,020)
Issue of bonus shares	49,835	-	(49,835)	-	-	-	-	-	-	-
Cash dividends paid	-	-	-	-	-	-	(48,968)	(48,968)	-	(48,968)
Net movement on treasury shares	-	-	-	4,114	340	4,454	-	4,454	-	4,454
Participation of non-controlling interest in capital increase of subsidiaries	-	-	-	-	-	-	-	-	18,731	18,731
Cash dividend paid to non-controlling	-	-	-	-	-	-	-	-	(3,430)	(3,430)
Net other change in non- controlling interests	-	-	-	-	-	-	-	-	18,381	18,381
At 30 September 2014 (restated)	433,185	720,333	-	(52,004)	621,475	1,722,989	-	1,722,989	327,883	2,050,872

The attached notes 1 to 14 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)

Period ended 30 September 2015

	<i>Attributable to shareholders of the Bank</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 5)</i>	<i>Subtotal</i>	<i>Proposed cash dividend</i>	<i>Subtotal</i>		
At 1 January 2015	433,185	720,333	43,319	(52,497)	537,315	1,681,655	63,935	1,745,590	351,451	2,097,041
Profit for the period	-	-	-	-	105,705	105,705	-	105,705	33,605	139,310
Other comprehensive loss	-	-	-	-	(35,419)	(35,419)	-	(35,419)	(29,402)	(64,821)
Total comprehensive income	-	-	-	-	70,286	70,286	-	70,286	4,203	74,489
Zakat paid	-	-	-	-	(6,327)	(6,327)	-	(6,327)	-	(6,327)
Issue of bonus shares (Note 7)	43,319	-	(43,319)	-	-	-	-	-	-	-
Cash dividends paid (Note 7)	-	-	-	-	-	-	(63,935)	(63,935)	-	(63,935)
Net movement on treasury shares	-	-	-	2,393	6	2,399	-	2,399	-	2,399
Acquisition of non- controlling interests	-	-	-	-	(13,230)	(13,230)	-	(13,230)	13,230	-
Cash dividends paid to non- controlling interests	-	-	-	-	-	-	-	-	(4,381)	(4,381)
Net other changes in non- controlling interests	-	-	-	-	-	-	-	-	(2,852)	(2,852)
At 30 September 2015	476,504	720,333	-	(50,104)	588,050	1,734,783	-	1,734,783	361,651	2,096,434

The attached notes 1 to 14 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)

Period ended 30 September 2015

	<i>KD 000's</i>	
	<i>Nine months ended</i>	
<i>Note</i>	<i>30 September 2015</i>	<i>30 September 2014</i>
OPERATING ACTIVITIES		
Profit for the period	139,310	110,522
Adjustment to reconcile profit to net cash flows:		
Depreciation and amortization	62,502	56,608
Provisions and impairment	79,269	74,344
Loss (gain) on sale of investments	395	(13,429)
Dividend income	(5,463)	(4,800)
Sukook income	(29,084)	(26,547)
Share of results of associates and joint ventures	(6,887)	(1,322)
Gain on sale of investment properties	(2,390)	(5,038)
Other investment income	(9,054)	(7,650)
	<u>228,598</u>	<u>182,688</u>
Changes in operating assets and liabilities		
<i>(Increase) decrease in operating assets:</i>		
Financing receivables	265,711	(778,584)
Trading properties	(19,872)	112,713
Other assets	(15,495)	(108,086)
Statutory deposit with Central Banks	42,188	(139,899)
<i>Increase (decrease) in operating liabilities:</i>		
Due to banks and financial institutions	(473,468)	976,130
Depositors' accounts	20,083	758,155
Other liabilities	36,478	33,008
Net cash flows from operating activities	<u>84,223</u>	<u>1,036,125</u>
INVESTING ACTIVITIES		
Purchase of financial assets available for sale, net	(22,622)	(51,348)
Purchase of investment properties	(32,403)	(49,807)
Proceeds from sale of investment properties	33,519	81,605
Purchase of property and equipment	(137,414)	(107,745)
Proceeds from sale of property and equipment	25,872	26,763
Purchase of intangible assets, net	(8,519)	(6,573)
Purchase of leasehold rights, net	(2,066)	(82)
Purchase of investment in associates and joint ventures	(7,600)	(39,070)
Proceeds from sale of investment in associates and joint ventures	1,495	44,474
Dividend received	13,080	12,802
Sukook income received	29,084	26,547
Net cash flows used in investing activities	<u>(107,574)</u>	<u>(62,434)</u>
FINANCING ACTIVITIES		
Cash dividends paid	(63,935)	(48,968)
Cash dividends paid to non-controlling interests of a subsidiary	(4,381)	(3,430)
Participation of non-controlling interest in capital increase of subsidiaries	-	18,731
Net movement in treasury shares	2,399	4,454
Zakat paid	(6,327)	(6,020)
Net cash flows used in financing activities	<u>(72,244)</u>	<u>(35,233)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(95,595)	938,458
Cash and cash equivalents at 1 January	<u>2,433,322</u>	<u>1,959,000</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	6 <u>2,337,727</u>	<u>2,897,458</u>

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2015

1 INCORPORATION AND REGISTRATION

The interim condensed consolidated financial information of Kuwait Finance House K.S.C.P. (“the Bank”) and its subsidiaries (collectively “the Group”) for the nine month period ended 30 September 2015 were authorised for issue by the Bank’s Board of Directors on 12 October 2015.

The shareholders’ annual general assembly held on 16 March 2015 approved the audited consolidated financial statements of the Group for the year ended 31 December 2014.

The Bank is a public shareholding company incorporated in Kuwait on 23 March 1977 and was registered as an Islamic bank with the Central Bank of Kuwait on 24 May 2004. It is engaged principally in providing banking services, the purchase and sale of properties, leasing, project construction for its own account as well as for third parties and other trading activities without practising usury. Trading activities are conducted on the basis of purchasing various goods and selling them on murabaha at negotiated profit margins which can be settled in cash or on instalment credit basis. The Bank’s registered head office is at Abdulla Al-Mubarak Street, Murqab, Kuwait.

All activities are conducted in accordance with Islamic Shareea’a, as approved by the Bank’s Fatwa and Shareea’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 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, 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 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group. The annual consolidated financial statements for the year ended 31 December 2014 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 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 collaterals) that are not provided specifically.

Operating results for the nine month period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

New and revised IASB Standards, but not yet effective

Number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, have not been applied in preparing these interim condensed consolidated financial information. None of these are expected to have a significant effect on the interim condensed consolidated financial information of the Group except for the IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2015

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**New and revised IASB Standards, but not yet effective (continued)**

The Group is currently assessing the impact of above standards and plans to adopt the new standards on the required effective date.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014, the Group has applied these amendments for the first time in these interim condensed consolidated financial statements and did not result in any material impact on the accounting policies, financial position or performance of the Group. They include:

- *IFRS 2 Share-based Payment*
- *IFRS 3 Business Combinations*
- *IFRS 8 Operating Segments*
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*
- *IAS 24 Related Party Disclosures*

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014, the Group has applied these amendments for the first time in these interim condensed consolidated financial statements and did not result in any material impact on the accounting policies, financial position or performance of the Group. They include:

- *IFRS 3 Business Combinations*
- *IFRS 13 Fair Value Measurement*
- *IAS 40 Investment Property*
- *Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests*
- *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*
- *Amendments to IAS 27: Equity Method in Separate Financial Statements*

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 2015. 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 2015.

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO 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 by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group.

	<u>Three months ended 30 September</u>		<u>Nine months ended 30 September</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Profit for the period attributable to shareholders of the Bank (thousand KD)	<u>43,365</u>	<u>35,526</u>	<u>105,705</u>	<u>90,094</u>
Weighted average number of shares outstanding during the period (thousands share)	<u>4,690,440</u>	<u>4,688,799</u>	<u>4,689,317</u>	<u>4,687,200</u>
Basic and diluted earnings per share	<u>9.25 fils</u>	<u>7.58 fils</u>	<u>22.54 fils</u>	<u>19.22 fils</u>

The comparative basic and diluted earnings per share have been restated to reflect the impact of bonus issue (Note 7).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2015

5 RESERVES

The movement in reserves is analysed as follows:

	<i>30 September 2014</i>								
	<i>KD 000's</i>								
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Employees' share options reserve</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Other reserves</i>	<i>Total</i>
As at 1 January 2014 (as <i>previously reported</i>)	283,584	287,942	-	4,246	6,725	-	-	-	582,497
Effect of restatement (Note 14)	-	-	-	-	-	(360)	(56,442)	(8,920)	(65,722)
Balance at 1 January 2014 (<i>restated</i>)	283,584	287,942	-	4,246	6,725	(360)	(56,442)	(8,920)	516,775
Profit for the period	-	-	90,094	-	-	-	-	-	90,094
Other comprehensive income (loss)	-	-	-	-	-	29,967	(9,681)	-	20,286
Total comprehensive income (loss)	-	-	90,094	-	-	29,967	(9,681)	-	110,380
Zakat paid	-	(6,020)	-	-	-	-	-	-	(6,020)
Profit on sale of treasury shares	-	-	-	-	340	-	-	-	340
Balance at 30 September 2014 (<i>restated</i>)	283,584	281,922	90,094	4,246	7,065	29,607	(66,123)	(8,920)	621,475
	<i>30 September 2015</i>								
	<i>KD 000's</i>								
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Employees' share options reserve</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 2015	238,252	238,252	108,224	4,246	7,078	4,493	(54,310)	(8,920)	537,315
Profit for the period	-	-	105,705	-	-	-	-	-	105,705
Other comprehensive income (loss)	-	-	-	-	-	12,326	(47,745)	-	(35,419)
Total comprehensive income (loss)	-	-	105,705	-	-	12,326	(47,745)	-	70,286
Zakat paid	-	-	(6,327)	-	-	-	-	-	(6,327)
Profit on sale of treasury shares	-	-	-	-	6	-	-	-	6
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(13,230)	(13,230)
Balance at 30 September 2015	238,252	238,252	207,602	4,246	7,084	16,819	(102,055)	(22,150)	588,050

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2015

6 CASH AND CASH EQUIVALENTS

	<i>KD 000's</i>		
	<i>30 September 2015</i>	<i>(Audited) 31 December 2014</i>	<i>30 September 2014</i>
Cash	258,403	176,362	174,518
Balances with Central Banks	716,500	857,021	870,465
Balances with banks and financial institutions - current accounts	525,713	570,752	515,634
Cash and balances with banks and financial institutions	1,500,616	1,604,135	1,560,617
Short term murabaha maturing within 3 months of contract date	1,066,106	1,000,390	1,535,627
Tawarruq balances with Central Bank of Kuwait maturing within 3 months of contract date	350,077	450,057	400,056
Less: Statutory deposits with Central Banks	(579,072)	(621,260)	(598,842)
Cash and cash equivalents	2,337,727	2,433,322	2,897,458

7 SHARE CAPITAL, ISSUE OF BONUS SHARES AND CASH DIVIDENDS PAID

Bonus shares of 10% (2013: 13%) on outstanding shares amounting KD 43,319 thousands (2013: KD 49,835 thousand) and cash dividends of 15 fils per share (2013: 13 fils per share) amounting KD 63,935 (2013: KD 48,968 thousands) proposed for the year ended 31 December 2014, to the Bank's shareholders on record as of the date of the general assembly, were approved by the Bank's ordinary general assembly of the shareholders held on 16 March 2015.

Accordingly, the authorised, issued, and fully paid share capital as at 30 September 2015 comprise of 4,765,035 thousand (31 December 2014: 4,331,851 thousand and 30 September 2014: 4,331,851 thousand) shares of 100 fils each.

8 DIRECTORS' FEES

In the ordinary general assembly meeting of the shareholders of the Bank for the year ended 31 December 2014 held on 16 March 2015, the shareholders approved directors' fees proposed for the year ended 31 December 2014.

9 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:

	<i>KD 000's</i>		
	<i>30 September 2015</i>	<i>(Audited) 31 December 2014</i>	<i>30 September 2014</i>
Acceptances and letters of credit	159,857	168,358	198,298
Letter of guarantees	1,191,381	1,316,912	1,307,007
Contingences	1,351,238	1,485,270	1,505,305
Capital commitments	2,034,042	1,981,592	1,802,392

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2015

10 RELATED PARTY TRANSACTIONS

Certain related parties (major shareholders, directors and executive employees, officers of the Group, their families, associated companies and companies of which they are the principal owners) are depositors and finance facilities customers of the Bank, 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. These transactions are approved by the ordinary general assembly of the shareholders of the Bank.

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

	<i>KD 000's</i>						
	<i>Major shareholders</i>	<i>Associates</i>	<i>Board members and executive officers</i>	<i>Other related parties</i>	<i>(Audited)</i>		<i>Total</i>
					<i>30 September 2015</i>	<i>31 December 2014</i>	
Related parties							
Financing receivables	-	95,696	6,239	6,497	108,432	121,693	120,687
Due to banks and financial institutions	1,123,051	22,869	-	2,913	1,148,833	1,239,719	1,333,333
Depositors' accounts	-	41,860	12,140	6,920	60,920	70,423	62,807
Contingencies and commitments	936	7,905	22	28,172	37,035	36,268	35,287
Investment managed by related party	-	-	-	41,670	41,670	33,453	46,445

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

	<i>KD 000's</i>						
	<i>Major shareholders</i>	<i>Associates</i>	<i>Board members and executive officers</i>	<i>Other related parties</i>	<i>30 September 2015</i>	<i>30 September 2014</i>	<i>Total</i>
Financing income	-	3,022	399	252	3,673		4,437
Investment income	-	-	-	-	-		150
Fee and commission income	-	66	4	157	227		945
Finance costs	12,271	16	-	692	12,979		14,175

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2015

10 RELATED PARTY TRANSACTIONS (continued)

Details of the interests of Board Members and Executive Officers of the Bank and all consolidated subsidiaries 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 2015</i>	<i>31 December 2014</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>31 December 2014</i>	<i>30 September 2014</i>	<i>30 September 2015</i>	<i>31 December 2014</i>	<i>30 September 2014</i>
Board Members									
Finance facilities	38	31	32	4	7	7	33,153	41,539	48,326
Credit cards	19	8	14	-	2	1	34	17	14
Deposits	93	68	69	16	22	18	12,435	12,218	9,217
Collateral against finance facilities	14	10	11	1	-	-	8,047	16,885	16,747
Executive Officers									
Finance facilities	29	35	31	2	3	3	2,704	4,168	4,100
Credit cards	18	15	20	1	-	1	96	59	53
Deposits	56	63	61	21	25	26	2,055	3,224	3,677
Collateral against finance facilities	15	17	16	1	2	2	5,617	11,444	9,823

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2015

10 RELATED PARTY TRANSACTIONS (continued)

The transactions included in the interim condensed consolidated statement of income are as follows:

	<i>KD 000's</i>	
	<i>Total</i>	
	<i>30 September 2015</i>	<i>30 September 2014</i>
Board Members		
Finance income	290	418
Executive officers		
Finance income	109	199
	<u>399</u>	<u>617</u>

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

	<i>KD 000's</i>	
	<i>Total</i>	
	<i>30 September 2015</i>	<i>30 September 2014</i>
Salaries, allowances and bonuses of key management personnel	14,284	12,786
Termination benefits of key management personnel	786	1,115
Remuneration of chairman and board members *	910	1,396
	<u>15,980</u>	<u>15,297</u>

* Remuneration of chairman and board members includes special compensation for additional contributions related to participation in the executive committees in accordance with board of directors' decisions.

11 SEGMENTAL ANALYSIS

Segment information

For management purposes the Group is organised into three major business segments:

<i>30 September 2015</i>	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Investments</i>	<i>Banking</i>	<i>Other</i>	<i>Total</i>
Total assets	4,959,934	2,422,970	7,893,356	1,524,529	16,800,789
Total liabilities	2,471,660	134,841	11,021,422	1,076,432	14,704,355
Total operating income	23,048	60,251	332,553	89,313	505,165
Profit for the period	18,651	13,225	136,976	(29,542)	139,310

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2015

11 SEGMENTAL ANALYSIS (continued)

Segment information (continued)

	<i>KD 000's</i>				
<i>30 September 2014</i>	<i>Treasury</i>	<i>Investment</i>	<i>Banking</i>	<i>Other</i>	<i>Total</i>
Total assets	5,256,380	2,627,529	7,844,729	1,370,233	17,098,871
Total liabilities	2,971,966	134,281	10,960,909	980,843	15,047,999
Total operating income	21,997	68,320	308,427	76,614	475,358
Profit for the period	15,831	15,782	124,846	(45,937)	110,522

12 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 assets and liabilities as at 30 September 2015:

	<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 through statement of income	-	133,974	-	133,974
Financial assets available for sale	779,166	102,706	94,205	976,077
<i>Derivative financial assets:</i>				
Forward contracts	5,541	-	-	5,541
Profit rate swaps	-	816	-	816
Currency swaps	5,159	-	-	5,159
	<u>789,866</u>	<u>237,496</u>	<u>94,205</u>	<u>1,121,567</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	5,141	-	-	5,141
Profit rate swaps	-	111	-	111
Currency swaps	12,929	-	-	12,929
Embedded precious metals	9	-	-	9
	<u>18,079</u>	<u>111</u>	<u>-</u>	<u>18,190</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2015

12 FAIR VALUES (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 December 2014.

				<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 through statement of income	-	133,974	-	133,974
Financial assets available for sale	780,293	107,788	105,923	994,004
<i>Derivative financial assets:</i>				
Forward contracts	2,742	-	-	2,742
Profit rate swaps	-	939	-	939
Currency swaps	2,735	-	-	2,735
	<u>785,770</u>	<u>242,701</u>	<u>105,923</u>	<u>1,134,394</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	1,858	-	-	1,858
Profit rate swaps	-	7	-	7
Currency swaps	1,431	-	-	1,431
Embedded precious metals	61	-	-	61
	<u>3,350</u>	<u>7</u>	<u>-</u>	<u>3,357</u>

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 30 September 2014:

				<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 through statement of income	-	127,487	-	127,487
Financial assets available for sale	822,623	108,840	122,570	1,054,033
<i>Derivative financial assets:</i>				
Forward contracts	6,533	-	-	6,533
Currency swaps	2,494	-	-	2,494
	<u>831,650</u>	<u>236,327</u>	<u>122,570</u>	<u>1,190,547</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	3,955	-	-	3,955
Profit rate swaps	-	65	-	65
Currency swaps	2,858	-	-	2,858
Embedded precious metals	61	-	-	61
	<u>6,874</u>	<u>65</u>	<u>-</u>	<u>6,939</u>

No transfers have been made between the levels of hierarchy.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2015

13 FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the Bank at 30 September 2015 amounted to KD 553,156 thousand (31 December 2014: KD 579,028 thousand and 30 September 2014: KD 585,150 thousand).

Fee and commission income include fees of KD 2,053 thousand (30 September 2014: KD 2,176 thousand) arising from trust and fiduciary activities.

14 COMPARATIVE INFORMATION

During the period ended 30 September 2015 and the year ended 31 December 2014, management of the Bank presented fair value reserve and foreign currency translation reserve collectively as a separate components within the interim condensed consolidated statement of changes in equity, instead of reporting them separately between liabilities and equity in the consolidated statement of financial position. This also led to a change in the presentation of the interim condensed consolidated statement of comprehensive income as it now begins with the “profit of the period”, instead of “profit before distribution to depositors”. These changes did not affect previously reported figures in the interim condensed consolidated statement of income.

Accordingly, the comparative information in the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of financial position, and the interim condensed consolidated statement of changes in equity for the previous period ended 30 September 2014 have been restated to conform with the current presentation.