

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

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

30 SEPTEMBER 2010



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Finance House K.S.C. ("the Bank") and its subsidiaries (collectively "the Group") as at 30 September 2010 and the related interim condensed consolidated statements of income and comprehensive income for the three month and nine month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any material violations of the Commercial Companies Law of 1960, as amended, or of the articles of association of the Bank that might have had a material effect on the business of the Bank or on its financial position during the nine month period ended 30 September 2010.

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 material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the nine month period ended 30 September 2010.

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12 October 2010
Kuwait

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

Period ended 30 September 2010

	Note	3 months ended 30 September 2010 KD 000's	3 months ended 30 September 2009 KD 000's	9 months ended 30 September 2010 KD 000's	9 months ended 30 September 2009 KD 000's
INCOME					
Financing income		130,888	131,283	388,632	401,975
Investment income		1,991	32,529	45,222	138,982
Fee and commission income		14,378	15,987	47,355	47,026
Net gain (loss) from foreign currencies		5,146	2,882	9,380	(3,837)
Other income		31,265	10,094	80,808	36,321
		<u>183,668</u>	<u>192,775</u>	<u>571,397</u>	<u>620,467</u>
EXPENSES					
Staff costs		26,230	28,965	83,673	84,450
General and administrative expenses		31,347	20,477	79,657	62,264
Finance costs		7,826	11,156	30,745	44,780
Depreciation		11,259	9,459	32,062	27,917
Impairment		44,965	35,046	122,572	137,250
		<u>121,627</u>	<u>105,103</u>	<u>348,709</u>	<u>356,661</u>
PROFIT BEFORE ESTIMATED DISTRIBUTION TO DEPOSITORS		62,041	87,672	222,688	263,806
Estimated distribution to depositors	3	(38,188)	(57,459)	(137,119)	(170,286)
PROFIT AFTER ESTIMATED DISTRIBUTION TO DEPOSITORS		23,853	30,213	85,569	93,520
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(277)	(356)	(1,015)	(1,112)
Provision for National Labour Support tax (NLST)		(662)	(796)	(2,459)	(2,977)
Provision for Zakat (based on Zakat Law No. 46/2006)		(173)	(36)	(683)	(657)
PROFIT FOR THE PERIOD		22,741	29,025	81,412	88,774
Attributable to:					
Equityholders of the Bank		26,543	34,297	97,341	106,384
Non-controlling interests		(3,802)	(5,272)	(15,929)	(17,610)
		<u>22,741</u>	<u>29,025</u>	<u>81,412</u>	<u>88,774</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITYHOLDERS OF THE BANK	4	10.8 fils	13.9 fils	39.6 fils	43.2 fils

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

Period ended 30 September 2010

		<i>3 months ended 30 September 2010</i>	<i>3 months ended 30 September 2009</i>	<i>9 months ended 30 September 2010</i>	<i>9 months ended 30 September 2009</i>
	<i>Note</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit before estimated distribution to depositors		62,041	87,672	222,688	263,806
Other comprehensive income (loss)					
Change in fair value of available for sale investments during the period	5	582	(20,051)	(31,963)	(77,625)
Change in fair value of currency swaps and profit rate swaps, and forward foreign exchange contracts	5	692	-	671	-
(Gain) loss realised during the period	5	(223)	3,924	5,139	1,698
Impairment losses transferred to the interim condensed consolidated statement of income	5	1,103	7,110	6,788	47,089
Share of other comprehensive (loss) income of associates	5	(5,419)	1,262	(5,809)	(3,737)
Exchange differences on translation of foreign operations	6	(15,543)	(4,308)	8,035	6,475
Other comprehensive loss for the period included directly in fair value reserve and foreign exchange translation reserve		(18,808)	(12,063)	(17,139)	(26,100)
Total comprehensive income before estimated distribution to depositors		43,233	75,609	205,549	237,706

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 September 2010

		(Unaudited) 30 September 2010	(Audited) 31 December 2009	(Unaudited) 30 September 2009
	Note	KD 000's	KD 000's	KD 000's
ASSETS				
Cash and balances with banks and financial institutions	7	446,183	444,943	548,960
Short-term international murabaha		1,105,622	1,257,573	1,094,667
Receivables		5,633,617	5,090,398	5,035,208
Trading properties		189,802	126,386	51,461
Leased assets		1,272,739	1,288,066	1,264,597
Investments		1,162,255	1,042,026	1,076,259
Investment in associates		370,962	410,838	410,748
Investment properties		546,376	506,464	290,282
Other assets		617,468	522,394	509,110
Property and equipment		710,046	601,606	809,997
TOTAL ASSETS		12,055,070	11,290,694	11,091,289
LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY				
LIABILITIES				
Due to banks and financial institutions		1,962,785	1,460,925	1,517,277
Depositors' accounts		7,383,654	7,261,827	7,015,196
Other liabilities		644,672	563,451	529,595
TOTAL LIABILITIES		9,991,111	9,286,203	9,062,068
DEFERRED REVENUE		516,424	464,602	463,835
FAIR VALUE RESERVE	5	(58,771)	(33,597)	(21,181)
FOREIGN EXCHANGE TRANSLATION RESERVE	6	15,566	7,531	(1,073)
EQUITY ATTRIBUTABLE TO THE EQUITYHOLDERS OF THE BANK				
Share capital	8	248,985	230,542	230,542
Share premium		464,766	464,766	464,766
Proposed issue of bonus shares		-	18,443	-
Treasury shares		(26,974)	(36,662)	(28,832)
Reserves		497,147	507,871	463,049
Profit for the period attributable to equityholders of the Bank		97,341	-	106,384
		1,281,265	1,184,960	1,235,909
Proposed cash dividend		-	56,857	-
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITYHOLDERS OF THE BANK		1,281,265	1,241,817	1,235,909
Non-controlling interests		309,475	324,138	351,731
TOTAL EQUITY		1,590,740	1,565,955	1,587,640
TOTAL LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY		12,055,070	11,290,694	11,091,289


BADER ABDULMOHSEN AL-MUKHAIZEEM
(CHAIRMAN AND MANAGING DIRECTOR)


MOHAMMAD AL-OMAR
(CHIEF EXECUTIVE OFFICER)

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 September 2010

	Attributable to equityholders of the Bank										Non-controlling interests KD 000's	Total equity KD 000's			
	Reserves														
	Share capital KD 000's	Share premium KD 000's	Proposed issue of bonus shares KD 000's	Treasury shares KD 000's	Statutory reserve KD 000's	Voluntary reserve KD 000's	Employee share options KD 000's	Treasury shares reserve KD 000's	Sub total KD 000's	Profit for the period KD 000's			Sub total KD 000's	Proposed cash dividend KD 000's	Sub total KD 000's
At 31 December 2009	230,542	464,766	18,443	(36,662)	243,237	255,999	4,237	4,398	507,871	-	1,184,960	56,857	1,241,817	324,138	1,565,955
Movements during the period:															
Issue of bonus shares (Note 8)	18,443	-	(18,443)	-	-	-	-	-	(11,349)	-	(11,349)	-	(11,349)	-	(11,349)
Zakat	-	-	-	-	-	(11,349)	-	-	(11,349)	-	(11,349)	-	(56,857)	-	(56,857)
Cash dividends paid	-	-	-	-	-	-	-	-	-	-	-	(56,857)	-	-	(56,857)
Net movement in treasury shares	-	-	-	9,688	-	-	-	-	-	-	9,688	-	9,688	-	9,688
Profit on sale of treasury shares	-	-	-	-	-	-	-	625	625	-	625	-	625	-	625
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,266	1,266
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	97,341	97,341	-	97,341	(15,929)	81,412
At 30 September 2010	248,985	464,766	-	(26,974)	243,237	244,650	4,237	5,023	497,147	97,341	1,281,265	-	1,281,265	309,475	1,590,740
At 31 December 2008	205,841	464,766	24,701	(7,651)	230,844	234,415	4,237	1,006	470,502	-	1,158,159	82,124	1,240,283	354,546	1,594,829
Movements during the period:															
Issue of bonus shares (Note 8)	24,701	-	(24,701)	-	-	-	-	-	(9,464)	-	(9,464)	-	(9,464)	-	(9,464)
Zakat	-	-	-	-	-	(9,464)	-	-	(9,464)	-	(9,464)	-	(82,124)	-	(82,124)
Cash dividends paid	-	-	-	-	-	-	-	-	-	-	-	(82,124)	-	-	(82,124)
Net movement in treasury shares	-	-	-	(21,181)	-	-	-	-	-	-	(21,181)	-	(21,181)	-	(21,181)
Profit on sale of treasury shares	-	-	-	-	-	-	-	2,011	2,011	-	2,011	-	2,011	-	2,011
Net change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	14,795	14,795
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	106,384	106,384	-	106,384	(17,610)	88,774
At 30 September 2009	230,542	464,766	-	(28,832)	230,844	224,951	4,237	3,017	463,049	106,384	1,235,909	-	1,235,909	351,731	1,587,640

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

Period ended 30 September 2010

	<i>Note</i>	9 months ended 30 September 2010 KD 000's	9 months ended 30 September 2009 KD 000's
OPERATING ACTIVITIES			
Profit for the period		81,412	88,774
Adjustment for:			
Depreciation		32,062	27,917
Impairment		122,572	137,250
Dividend income		(7,868)	(16,593)
Gain on part sale of associates and subsidiaries		-	(33,372)
Gain on sale of investments		(2,684)	(14,037)
Share of loss of associates		41,040	9,567
Other investment income		(17,928)	(26,494)
		<u>248,606</u>	<u>173,012</u>
Changes in operating assets and liabilities			
<i>(Increase) decrease in operating assets:</i>			
Exchange of deposits		-	12,857
Receivables		(501,840)	(222,516)
Leased assets		2,799	(85,385)
Trading properties		(63,416)	6,129
Other assets		(100,256)	(35,827)
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		501,860	(78,176)
Depositors' accounts		121,827	403,640
Other liabilities		82,404	149,607
		<u>291,984</u>	<u>323,341</u>
INVESTING ACTIVITIES			
Purchase of investments, net		(136,816)	(12,130)
Purchase of investment properties, net		(43,630)	(12,642)
Purchase of property and equipment, net		(144,409)	(244,943)
Purchase of investment in associates, net		4,170	1,051
Dividend income received		10,397	19,301
		<u>(310,288)</u>	<u>(249,363)</u>
FINANCING ACTIVITIES			
Cash dividends paid		(56,857)	(82,124)
Purchase of treasury shares, net		10,313	(19,170)
Payment of zakat		(11,349)	(9,464)
		<u>(57,893)</u>	<u>(110,758)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(76,197)	(36,780)
Cash and cash equivalents at 1 January		<u>1,246,693</u>	<u>1,368,185</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	<u>1,170,496</u>	<u>1,331,405</u>

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2010

1 INCORPORATION AND REGISTRATION

The interim condensed consolidated financial information of Kuwait Finance House K.S.C. (“the Bank”) and its subsidiaries (collectively “the Group”) for the period ended 30 September 2010 were authorised for issue in accordance with a resolution of the Bank’s Board of Directors on 12 October 2010.

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. Except as noted below, 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 2009. The annual consolidated financial statements for the year ended 31 December 2009 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 collateral) that are not provided specifically.

Operating results for the nine months period ended 30 September 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

The following new standards and amendments to standards are applicable for the Group effective from 1 January 2010:

IFRS 3 (Revised) – Business Combinations and consequential amendments to IAS 27 – Consolidated and Separate Financial Statements including consequential amendments to IFRS 7, IAS 28 and IAS 39. The main changes in the Group’s accounting policies are as follows:

- Acquisition related costs are expensed in the statement of income in the periods in which the costs are incurred;
- Changes in ownership interest in a subsidiary that do not result in a loss of control are treated as transaction between equity holders and are accounted for within equity;
- Equity interest held prior to control being obtained are remeasured to fair value at the date of obtaining control, and any gain or loss is recognised in the statement of income.

The revised standard and new amendments have not had significant impact on the Group’s interim condensed consolidated financial information.

**3 ESTIMATED DISTRIBUTION TO DEPOSITORS AND PROFIT FOR THE PERIOD
ATTRIBUTABLE TO EQUITYHOLDERS OF THE BANK**

Management of the Bank is of the opinion that the estimated distribution to depositors is presented for information purposes only, and accordingly the estimated distribution to depositors and the profit for the period attributable to Bank’s equityholders should not be relied upon to indicate distribution of profit to all parties concerned for the period ended 30 September 2010 or for the year ending 31 December 2010.

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 2010.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2010

3 ESTIMATED DISTRIBUTION TO DEPOSITORS AND PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITYHOLDERS OF THE BANK (continued)

In addition to the above, the total comprehensive income before estimated distribution to depositors (as per the interim condensed consolidated statement of comprehensive income) is presented for compliance with the requirements of the revised IAS 1 and is not appropriate for the purpose of determining the estimated distribution to depositors or the profit for the period attributable to the Bank's equityholders.

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

Basic earnings per share is calculated by dividing the profit for the period attributable to equityholders of the Bank by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group.

Diluted earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential shares into shares.

	<i>3 months ended 30 September</i>		<i>9 months ended 30 September</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period attributable to equityholders of the Bank	<u>26,543</u>	<u>34,297</u>	<u>97,341</u>	<u>106,384</u>
Weighted average number of shares outstanding during the period (thousands)	<u>2,457,748</u>	<u>2,459,647</u>	<u>2,457,402</u>	<u>2,464,882</u>
Basic and diluted earnings per share	<u>10.8 fils</u>	<u>13.9 fils</u>	<u>39.6 fils</u>	<u>43.2 fils</u>

The comparative basic and diluted earnings per share have been restated for bonus shares issued on 8 March 2010 (See Note 8).

5 FAIR VALUE RESERVE

Changes in fair value of available for sale investments are reported in the fair value reserve. Management of the Bank is of the opinion that this reserve is attributable to both the depositors and equityholders. As a result, the reporting of this reserve as a separate item on the interim condensed consolidated statement of financial position enables a fairer presentation than its inclusion under equity attributable to the equityholders of the Bank.

The movement in the fair value reserve is analysed as follows:

	<i>(Unaudited)</i> <i>30 September</i> <i>2010</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2009</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2009</i> <i>KD 000's</i>
Balance at the beginning of the period/year	(33,597)	11,394	11,394
Change in fair values of available for sale investments	(31,963)	(88,644)	(77,625)
Change in fair value of currency swaps and profit rate swaps, and forward foreign exchange contracts	671	(2,444)	-
Loss realised during the period/year	5,139	672	1,698
Impairment losses transferred to the interim condensed consolidated statement of income	6,788	49,210	47,089
Share of other comprehensive loss of associates	(5,809)	(3,785)	(3,737)
Balance at the end of the period/year	<u>(58,771)</u>	<u>(33,597)</u>	<u>(21,181)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2010

6 FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arises on the consolidation of foreign subsidiaries and equity accounting of foreign associates. Management of the Bank is of the opinion that this reserve is attributable to both the depositors and equityholders. As a result, the reporting of this reserve as a separate item on the interim condensed consolidated statement of financial position enables a fairer presentation than its inclusion under equity attributable to the equityholders of the Bank.

7 CASH AND CASH EQUIVALENTS

	<i>(Unaudited)</i> <i>30 September</i> <i>2010</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2009</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2009</i> <i>KD 000's</i>
Cash	63,070	48,224	63,029
Balances with Central Banks	144,654	215,184	329,328
Balances with banks and financial institutions - current accounts	224,110	180,071	145,553
Balances with banks and financial institutions - exchange of deposits	14,349	1,464	11,050
Cash and balances with banks and financial institutions	<u>446,183</u>	<u>444,943</u>	<u>548,960</u>
Short-term international murabaha - maturing within 3 months of contract date	408,242	584,688	371,669
Tawarruq balances with Central Bank of Kuwait (included within short-term international murabaha)	316,071	217,062	410,776
Cash and cash equivalents	<u><u>1,170,496</u></u>	<u><u>1,246,693</u></u>	<u><u>1,331,405</u></u>

8 SHARE CAPITAL

Following approval of the ordinary and extraordinary general assembly meeting of the equityholders' of the Bank held on 8 March 2010, the authorised share capital of the Bank was increased from KD 230,542 thousand to KD 248,985 thousand by way of issuance of 8% bonus shares amounting to KD 18,443 thousand. Accordingly, the authorised, issued and fully paid-up share capital at 30 September 2010, comprises 2,489,852 thousand shares (31 December 2009: 2,305,419 thousand shares and 30 September 2009: 2,305,419 thousand shares) of 100 fils each.

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>(Unaudited)</i> <i>30 September</i> <i>2010</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2009</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2009</i> <i>KD 000's</i>
Acceptances and letters of credit	173,154	145,680	157,196
Letter of guarantees	928,273	955,777	835,025
	<u>1,101,427</u>	<u>1,101,457</u>	<u>992,221</u>
Capital commitments	<u><u>1,341,597</u></u>	<u><u>1,327,082</u></u>	<u><u>1,433,938</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2010

10 RELATED PARTY TRANSACTIONS

Certain related parties (directors and executive employees, officers of the Group, their families, associated companies and companies of which they are the principal owners) were 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 equity holders of the Bank. The balances included in the interim condensed consolidated financial information are as follows:

	<i>Major shareholders KD 000's</i>	<i>Associates KD 000's</i>	<i>Board members and executive officers KD 000's</i>	<i>Other related parties KD 000's</i>	<i>(Unaudited) 30 September</i>	
					2010 KD 000's	2009 KD 000's
Related parties						
Receivables	10,626	97,463	4,137	54,428	166,654	227,846
Due to banks and financial institutions	410,064	3,398	-	-	413,462	409,132
Depositors' accounts	42,315	8,826	6,773	30,964	88,878	82,749
Commitments and contingencies	886	623	33	6,568	8,110	10,981

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2010

10 RELATED PARTY TRANSACTIONS (continued)

Details of the interests of Board Members and Executive Officers are as follows:

	The number of Board Members or Executive Officers		The number of related parties		Values	
	(Unaudited) 30 September 2010	(Audited) 31 December 2009	(Unaudited) 30 September 2010	(Audited) 31 December 2009	(Unaudited) 30 September 2010 KD 000's	(Audited) 31 December 2009 KD 000's
Board Members						
Finance facilities	4	6	3	3	1,770	5,586
Credit cards	8	8	-	1	39	53
Deposits	22	24	62	52	5,109	3,958
Collateral against finance facilities	3	3	-	-	2,742	2,663
Executive Officers						
Finance facilities	14	16	3	4	3,066	2,340
Credit cards	13	26	4	6	29	71
Deposits	28	27	81	76	4,028	5,616
Collateral against finance facilities	7	8	1	1	4,363	3,713

Compensation of key management personnel is as follows:

	(Unaudited) 30 September 2010 KD 000's	(Unaudited) 30 September 2009 KD 000's
Short-term employee benefits	7,109	7,236
Termination benefits	408	549
	<u>7,517</u>	<u>7,785</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 2010

11 SEGMENTAL ANALYSIS*Segment information*

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

<i>30 September 2010 (Unaudited)</i>	<i>Treasury KD 000's</i>	<i>Investment KD 000's</i>	<i>Retail and corporate banking KD 000's</i>	<i>Other KD 000's</i>	<i>Total KD 000's</i>
Income	27,470	45,222	417,899	80,806	571,397
Profit before estimated distribution to depositors	20,377	10,074	168,598	23,639	222,688
Total assets	1,832,858	3,124,434	6,754,241	343,537	12,055,070
Total liabilities	1,701,137	288,714	7,497,791	503,469	9,991,111
<i>30 September 2009 (Unaudited)</i>	<i>Treasury KD 000's</i>	<i>Investment KD 000's</i>	<i>Retail and corporate banking KD 000's</i>	<i>Other KD 000's</i>	<i>Total KD 000's</i>
Income	30,886	138,982	414,278	36,321	620,467
Profit before estimated distribution to depositors	19,935	17,601	205,425	20,845	263,806
Total assets	1,741,287	2,648,390	6,201,534	500,078	11,091,289
Total liabilities	1,608,145	194,566	6,874,757	384,600	9,062,068

12 FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the Bank at 30 September 2010 amounted to KD 1,248,769 thousand (31 December 2009: KD 953,389 thousand and 30 September 2009: KD 797,368 thousand).

Fee and commission income include fees of KD 3,096 thousand (30 September 2009: 2,926 thousand) arising from trust and fiduciary activities.