

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

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

30 JUNE 2024



**Building a better
working world**

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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.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 June 2024 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income, for the three-months and six-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 six-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, as amended, during the six months period ended 30 June 2024 that might have had a material effect on the business of the Bank or on its financial position.

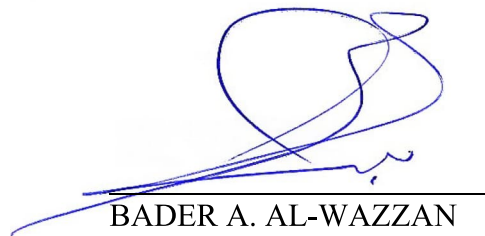
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P. (continued)

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, during the six months period ended 30 June 2024 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.

23 July 2024
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 June 2024

		<i>KD 000's</i>			
		<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>Notes</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
INCOME					
Financing income		737,427	495,151	1,415,255	990,696
Finance cost and estimated distribution to depositors	4	(442,054)	(262,649)	(856,499)	(532,216)
Net financing income		295,373	232,502	558,756	458,480
Investment income		70,152	15,999	69,995	90,329
Fees and commission income		37,295	30,403	81,058	58,745
Net gain from foreign currencies		22,482	54,201	93,578	92,774
Other operating income		5,777	22,132	20,055	34,033
TOTAL OPERATING INCOME		431,079	355,237	823,442	734,361
OPERATING EXPENSES					
Staff costs		(88,190)	(65,507)	(172,893)	(138,628)
General and administrative expenses		(44,277)	(34,416)	(83,970)	(70,347)
Depreciation and amortisation		(20,746)	(17,409)	(41,117)	(36,300)
TOTAL OPERATING EXPENSES		(153,213)	(117,332)	(297,980)	(245,275)
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENT AND NET MONETARY LOSS					
		277,866	237,905	525,462	489,086
Provisions and impairment		(10,929)	(2,191)	(6,358)	(25,864)
Net monetary loss	19	(35,253)	(78)	(86,779)	(9,194)
OPERATING PROFIT BEFORE TAXATION		231,684	235,636	432,325	454,028
Taxation	8	(46,041)	(26,742)	(78,484)	(59,465)
PROFIT FOR THE PERIOD		185,643	208,894	353,841	394,563
Attributable to:					
Shareholders of the Bank		178,333	171,293	341,178	333,390
Non-controlling interests		7,310	37,601	12,663	61,173
		185,643	208,894	353,841	394,563
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK					
	5	10.49 fils	10.06 fils	20.73 fils	20.21 fils

The attached notes 1 to 19 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 June 2024

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
	<i>KD 000's</i>			
Profit for the period	185,643	208,894	353,841	394,563
<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	(8,267)	309	(5,259)	1,080
Net change in pension fund reserve	29	(8,262)	1,316	(6,931)
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income:</i>				
Investment in debt securities at fair value through other comprehensive income:				
Net change in fair value during the period	(21,298)	(43,075)	(56,920)	(73,026)
Net transfer to interim condensed consolidated statement of income	(3,430)	5,279	(10,217)	7,764
Net loss on investment in debt securities at fair value through other comprehensive income	(24,728)	(37,796)	(67,137)	(65,262)
Share of other comprehensive gain (loss) from associates and joint ventures	745	(275)	2,394	(580)
Net change in fair value of cash flow hedges	-	(143)	(21)	(175)
Exchange differences on translation of foreign operations	(49,615)	(111,109)	(202,314)	(174,232)
Other comprehensive loss for the period	(81,836)	(157,276)	(271,021)	(246,100)
Total comprehensive income for the period	103,807	51,618	82,820	148,463
Attributable to:				
Shareholders of the Bank	115,157	69,446	123,819	153,964
Non-controlling interests	(11,350)	(17,828)	(40,999)	(5,501)
	103,807	51,618	82,820	148,463

The attached notes 1 to 19 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 June 2024

		<i>KD 000's</i>		
			<i>(Audited)</i>	
	<i>Notes</i>	30 June 2024	31 December 2023	30 June 2023
ASSETS				
Cash and balances with banks and financial institutions	10	3,356,460	3,612,104	2,567,525
Due from banks		3,057,679	2,971,422	3,966,398
Financing receivables	11	19,002,050	19,425,221	19,108,177
Investment in debt securities		6,083,573	7,006,323	6,157,050
Trading properties		96,525	105,267	95,157
Investments		297,756	310,241	268,303
Investment in associates and joint ventures		533,864	542,948	515,206
Investment properties		383,875	376,616	400,243
Other assets		912,756	903,238	1,186,339
Goodwill and intangible assets		2,337,934	2,397,868	2,420,018
Property and equipment		362,901	358,692	336,342
TOTAL ASSETS		36,425,373	38,009,940	37,020,758
LIABILITIES				
Due to banks		5,070,819	4,777,278	4,627,334
Due to financial institutions		3,309,707	3,206,512	2,721,412
Sukuk payables and term financing	7	964,272	635,532	629,482
Depositors' accounts		19,539,021	21,812,815	21,442,803
Other liabilities		1,375,501	1,414,464	1,544,995
TOTAL LIABILITIES		30,259,320	31,846,601	30,966,026
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK				
Share capital	12	1,710,844	1,476,445	1,476,445
Share premium		4,267,447	3,611,765	3,611,765
Proposed issue of bonus shares	12	-	141,262	-
Treasury shares		(822,159)	(113,103)	(82,328)
Reserves	9	30,344	53,499	83,394
		5,186,476	5,169,868	5,089,276
Proposed cash dividends	12	159,304	146,042	146,063
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK		5,345,780	5,315,910	5,235,339
Perpetual Tier 1 Capital Securities and Sukuks	13	501,691	502,381	502,858
Non-controlling interests		318,582	345,048	316,535
TOTAL EQUITY		6,166,053	6,163,339	6,054,732
TOTAL LIABILITIES AND EQUITY		36,425,373	38,009,940	37,020,758


 HAMAD ABDOUL MOHSEN AL-MARZOUQ
 (CHAIRMAN)


 ABDULWAHAB ISSA ALRUSHOOD
 (ACTING GROUP CHIEF EXECUTIVE OFFICER)

The attached notes 1 to 19 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 June 2024

KD 000's

	Attributable to shareholders of the Bank							Perpetual Tier 1 Capital Securities and Sukuks	Non- controlling interests	Total equity	
	Share capital	Share premium	Proposed issue of bonus shares	Treasury shares	Reserves (Note 9)	Subtotal	Proposed cash dividends				Subtotal
Balance at 1 January 2024	1,476,445	3,611,765	141,262	(113,103)	53,499	5,169,868	146,042	5,315,910	502,381	345,048	6,163,339
Profit for the period	-	-	-	-	341,178	341,178	-	341,178	-	12,663	353,841
Other comprehensive (loss)	-	-	-	-	(217,359)	(217,359)	-	(217,359)	-	(53,662)	(271,021)
Total comprehensive income (loss)	-	-	-	-	123,819	123,819	-	123,819	-	(40,999)	82,820
Issuance of ordinary shares (Note 3)	93,137	655,682	-	-	-	748,819	-	748,819	-	-	748,819
Issue of bonus shares (Note 12)	141,262	-	(141,262)	-	-	-	-	-	-	-	-
Cash dividends (Note 12)	-	-	-	-	-	-	(146,042)	(146,042)	-	-	(146,042)
Proposed interim cash dividend (Note 12)	-	-	-	-	(159,304)	(159,304)	159,304	-	-	-	-
Zakat	-	-	-	-	(56,011)	(56,011)	-	(56,011)	-	-	(56,011)
Net movement in treasury shares (Note 3)	-	-	-	(709,056)	2,687	(706,369)	-	(706,369)	-	-	(706,369)
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	-	-	(165)	(165)	-	(165)	165	-	-
Net movement on Perpetual Tier 1 Capital Securities and Sukuks	-	-	-	-	-	-	-	-	(855)	-	(855)
Profit payment on Perpetual Tier 1 Capital Securities and Sukuks	-	-	-	-	(11,286)	(11,286)	-	(11,286)	-	-	(11,286)
Group's share of associate adjustments	-	-	-	-	(3,243)	(3,243)	-	(3,243)	-	-	(3,243)
Impact of application of IAS 29 (Note 19)	-	-	-	-	85,542	85,542	-	85,542	-	51,897	137,439
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(8,517)	(8,517)
Acquisition of non-controlling interest (Note 3)	-	-	-	-	(4,528)	(4,528)	-	(4,528)	-	(28,751)	(33,279)
Change in ownership of subsidiary without loss of control	-	-	-	-	(666)	(666)	-	(666)	-	12	(654)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(108)	(108)
Balance at 30 June 2024	1,710,844	4,267,447	-	(822,159)	30,344	5,186,476	159,304	5,345,780	501,691	318,582	6,166,053

The attached notes 1 to 19 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 June 2024

KD 000's

	<i>Attributable to shareholders of the Bank</i>						<i>Proposed cash dividends</i>	<i>Subtotal</i>	<i>Perpetual Tier 1 Capital Securities and Sukuks</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 9)</i>	<i>Subtotal</i>					
Balance at 1 January 2023	1,342,223	3,611,765	134,222	(41,763)	111,451	5,157,898	199,907	5,357,805	501,666	426,630	6,286,101
Profit for the period	-	-	-	-	333,390	333,390	-	333,390	-	61,173	394,563
Other comprehensive loss	-	-	-	-	(179,426)	(179,426)	-	(179,426)	-	(66,674)	(246,100)
Total comprehensive income (loss)	-	-	-	-	153,964	153,964	-	153,964	-	(5,501)	148,463
Zakat	-	-	-	-	(51,340)	(51,340)	-	(51,340)	-	-	(51,340)
Issue of bonus shares (Note 12)	134,222	-	(134,222)	-	-	-	-	-	-	-	-
Cash dividends (Note 12)	-	-	-	-	-	-	(199,907)	(199,907)	-	-	(199,907)
Proposed interim cash dividend (Note 12)	-	-	-	-	(146,063)	(146,063)	146,063	-	-	-	-
Net movement in treasury shares	-	-	-	(40,565)	-	(40,565)	-	(40,565)	-	-	(40,565)
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	-	-	(563)	(563)	-	(563)	563	-	-
Net Movement on Perpetual Tier 1 Capital Securities and Sukuks	-	-	-	-	-	-	-	-	629	-	629
Profit payment on Perpetual Tier 1 Capital Securities and Sukuks	-	-	-	-	(10,870)	(10,870)	-	(10,870)	-	(177)	(11,047)
Group's share of associate adjustments	-	-	-	-	(3,385)	(3,385)	-	(3,385)	-	-	(3,385)
Impact of application of IAS 29 (Note 19)	-	-	-	-	42,505	42,505	-	42,505	-	25,788	68,293
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(14,929)	(14,929)
Acquisition of non-controlling interest	-	-	-	-	(12,305)	(12,305)	-	(12,305)	-	(114,210)	(126,515)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,066)	(1,066)
Balance at 30 June 2023	1,476,445	3,611,765	-	(82,328)	83,394	5,089,276	146,063	5,235,339	502,858	316,535	6,054,732

The attached notes 1 to 19 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 June 2024

		<i>KD 000's</i>	
		<i>Six months ended</i>	
	<i>Notes</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
OPERATING ACTIVITIES			
Profit for the period		353,841	394,563
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		41,117	36,300
Provisions and impairment		6,358	25,864
Gain on sale of investments		(107,873)	(45,812)
Dividend income		(2,469)	(3,943)
Share of results of associates and joint ventures		(11,069)	(13,157)
Gain on sale of investment properties		(7,517)	(1,361)
Net monetary loss	19	86,779	9,194
		359,167	401,648
Changes in operating assets and liabilities			
<i>Decrease (increase) in operating assets:</i>			
Financing receivables and due from banks		477,983	(347,929)
Investment in debt securities		873,451	(83,847)
Trading properties		8,742	(47)
Other assets		(9,518)	(210,515)
Statutory deposit with Central Banks		267,749	188,713
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		396,736	(331,560)
Depositors' accounts		(2,273,794)	459,398
Other liabilities		(283,774)	100,755
Net cash flows (used in) from operating activities		(183,258)	176,616
INVESTING ACTIVITIES			
Investments, net		90,573	(8,599)
Additions/ purchase of investment properties		(16)	(3,767)
Proceeds from sale of investment properties		13,139	884
Purchase of property and equipment		(25,770)	(19,757)
Proceeds from sale of property and equipment		1,289	1,984
Intangible assets, net		(661)	(1,075)
Capital injection/ proceeds from redemption of investment in associates and joint ventures		-	(223)
Dividend received		10,325	13,602
Acquisition of non-controlling interest		-	(126,515)
Proceeds from sale of subsidiary, net of cash disposed	6	100,466	-
Net cash flows from (used in) investing activities		189,345	(143,466)
FINANCING ACTIVITIES			
Profit payment on perpetual Tier-1 Capital Securities and Sukuks		(11,286)	(11,047)
Movement in Sukuk payables and term financing		328,740	(154,709)
Net movement in treasury shares		9,171	(40,565)
Cash dividends paid		(146,042)	(198,072)
Dividends paid to non-controlling interest		(8,517)	(14,929)
Zakat paid		(1,493)	(7,212)
Net cash flows from (used in) financing activities		170,573	(426,534)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		176,660	(393,384)
Cash and cash equivalents at 1 January		3,048,291	3,201,022
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	3,224,951	2,807,638

The attached notes 1 to 19 form part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 June 2024

1 INCORPORATION AND REGISTRATION

The interim condensed consolidated financial information of Kuwait Finance House K.S.C.P. (“the Parent Company” or “the Bank”) and subsidiaries (collectively “the Group”) for the six months period ended 30 June 2024 were authorised for issue by the Bank’s Board of Directors on 11 July 2024.

The shareholders’ annual ordinary general assembly held on 18 March 2024 approved the audited consolidated financial statements of the Group for the year ended 31 December 2023.

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. The Bank is listed in Kuwait Boursa and Bahrain Bourse and 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 MATERIAL 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 accounting policies used in the preparation of this 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 2023. The annual consolidated financial statements for the year ended 31 December 2023 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 amendment:

- ▶ 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.

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 the annual consolidated 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 2023.

Further, results for the six months period ended 30 June 2024, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (continued)

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments had no impact on the Group's interim condensed consolidated financial information.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial information.

3 MERGER

On 21 January 2024, the CMA Kuwait approved the merger of the Parent Company and Ahli United Bank K.S.C.P. (AUB Kuwait) by way of amalgamation through share swap at the exchange ratio of 0.3723118279 shares of the Parent Company against every share of AUB Kuwait.

On 22 February 2024, the share swap deal of the Parent Company's share capital with the shareholders of AUB Kuwait was completed, as well as the execution of the merger by amalgamation was finalized. The increase of the Parent Company's authorized, issued and paid-up capital from 14,764,456,572 shares to 15,695,823,374 shares was affected through issuing 931,366,802 shares at the nominal value of 100 fils per share amounting to KD 93,137 thousand and share premium of KD 655,682 thousand representing the difference between the nominal value of the issued shares and their market value on the merger execution date. The additional shares issued includes 889,974,356 shares that have been allocated to Kuwait Finance House K.S.C.P. against its total ownership of the issued and paid-up capital of AUB Kuwait at a value of KD 715,539 thousand, which has been recognized as treasury shares in the Group's interim condensed consolidated statement of financial position, and included in the net movement in treasury shares in the interim condensed consolidated statement of changes in equity. Further, as part of the merger, the stake held by non-controlling shareholders of AUB – Kuwait was also acquired, having a carrying value of KD 28,751 thousand and the difference between the carrying value and the market value of the Parent Company's shares offered to them on the merger's execution date amounting to KD 4,528 thousand was recognised in 'Other reserve'.

4 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 six months period ended 30 June 2024. 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 2024.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2024

5 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 Capital Securities and Sukuks, 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>Six months ended</i>	
	<i>30 June</i> <i>2024</i>	<i>30 June</i> <i>2023</i>	<i>30 June</i> <i>2024</i>	<i>30 June</i> <i>2023</i>
Basic and diluted earnings per share:				
Profit for the period attributable to shareholders of the Bank (thousand KD)	178,333	171,293	341,178	333,390
Less: Profit payment on Perpetual Tier 1 Capital Securities and Sukuks (thousand KD)	(11,286)	(10,870)	(11,286)	(10,870)
Profit for the period attributable to shareholders of the Bank after profit payment on Perpetual Tier 1 Capital Securities and Sukuks (thousand KD)	167,047	160,423	329,892	322,520
Weighted average number of shares outstanding during the period, net of treasury shares (thousand shares)	15,930,410	15,945,816	15,915,799	15,956,272
Basic and diluted earnings per share attributable to the shareholders of the Bank	10.49 fils	10.06 fils	20.73 fils	20.21 fils

The weighted average number of shares outstanding for the current and comparative period have been adjusted to reflect the bonus shares issuance, approved during the period (Note 12).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2024

6 SALE OF KUWAIT FINANCE HOUSE (BAHRAIN) B.S.C. (C)

On 14 May 2024 the Parent Company and Al Salam Bank B.S.C. ('buyer') completed the agreement for the sale and purchase of the entire issued share capital of Kuwait Finance House (Bahrain) B.S.C. (C) ('KFH Bahrain') for a net consideration of KD 100,466 thousand, resulting in a net gain of KD 70,113 thousand, of which KD 74,215 thousand has been included under 'investment income', partially offset by an impairment charge against certain identified assets of KFH Bahrain amounting to KD 4,102 thousand, included under 'provision and impairment' in the interim condensed consolidated statement of income.

The results of KFH Bahrain till the date of disposal included in the interim condensed consolidated statement of income are presented as below:

	<i>KD 000's</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>
Income	10,373	18,273
Expenses	(7,813)	(7,487)
Profit for the period	2,560	10,786

The net cash flows generated from the sale of KFH Bahrain are, as follows:

	<i>KD 000's</i>
	<i>30 June 2024</i>
Cash received from sale of KFH Bahrain	178,056
Cash disposed off as part of the sale of KFH Bahrain	(77,590)
Net cash inflow	100,466

7 SUKUK PAYABLES

On 17 January 2024, the Parent Company concluded the issuance of a 5-year senior unsecured Sukuk of USD 1,000,000 thousand which is listed on the London Stock Exchange. The Sukuk bears an expected profit rate of 5.011% per annum to be paid semi-annually in arrears, on each periodic distribution date, in accordance with the terms of the issue.

The Parent Company has hedged the profit rate risk arising from the fixed profit rate Sukuk payables, by entering into a profit rate swap (PRS) arrangement having notional amounts and maturity dates similar to the principal and maturity dates of the Sukuk payables.

8 TAXATION

	<i>KD 000's</i>			
	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June 2024</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>30 June 2023</i>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(1,686)	(1,636)	(3,213)	(2,877)
National Labour Support Tax (NLST)	(5,537)	(4,062)	(11,347)	(7,830)
Zakat (based on Zakat Law No. 46/2006)	(2,256)	(2,116)	(4,508)	(3,821)
Taxation related to subsidiaries	(36,562)	(18,928)	(59,416)	(44,937)
	(46,041)	(26,742)	(78,484)	(59,465)

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

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At 30 June 2024

9 RESERVES

The movement of reserves is analysed as follows:

	<i>30 June 2024</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 2024	464,864	261,995	159,923	15,028	(11,698)	(790,198)	(46,415)	53,499
Profit for the period	-	-	341,178	-	-	-	-	341,178
Other comprehensive (loss) income	-	-	-	-	(48,238)	(170,416)	1,295	(217,359)
Total comprehensive income (loss)	-	-	341,178	-	(48,238)	(170,416)	1,295	123,819
Proposed interim cash dividend (Note 12)	-	-	(159,304)	-	-	-	-	(159,304)
Zakat	-	(56,011)	-	-	-	-	-	(56,011)
Transfer of fair value reserve of equity investment at FVOCI	-	-	3,079	-	(3,079)	-	-	-
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	(165)	-	-	-	-	(165)
Profit payment on Perpetual Tier 1 Capital Securities and Sukuks	-	-	(11,286)	-	-	-	-	(11,286)
Group's share of associate adjustments	-	-	(3,243)	-	-	-	-	(3,243)
Impact of application of IAS 29 (Note 19)	-	-	85,542	-	-	-	-	85,542
Profit on sale of treasury shares	-	-	-	2,687	-	-	-	2,687
Change in ownership of subsidiary without loss of control	-	-	-	-	-	-	(666)	(666)
Acquisition of non-controlling interest	-	-	-	-	-	-	(4,528)	(4,528)
Balance at 30 June 2024	464,864	205,984	415,724	17,715	(63,015)	(960,614)	(50,314)	30,344

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2024

9 RESERVES (continued)

	30 June 2023							<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 2023	403,348	251,206	29,608	15,028	47,135	(603,493)	(31,381)	111,451
Profit for the period	-	-	333,390	-	-	-	-	333,390
Other comprehensive loss	-	-	-	-	(41,174)	(131,146)	(7,106)	(179,426)
Total comprehensive income (loss)	-	-	333,390	-	(41,174)	(131,146)	(7,106)	153,964
Proposed interim cash dividend (Note 12)	-	-	(146,063)	-	-	-	-	(146,063)
Zakat and donations	-	(50,727)	(613)	-	-	-	-	(51,340)
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	(563)	-	-	-	-	(563)
Profit payment on Perpetual Tier 1 Capital Securities and Sukuks	-	-	(10,870)	-	-	-	-	(10,870)
Group's share of associate adjustments	-	-	(3,385)	-	-	-	-	(3,385)
Impact of application of IAS 29 (Note 19)	-	-	42,505	-	-	-	-	42,505
Acquisition of non-controlling interest	-	-	-	-	-	-	(12,305)	(12,305)
Balance at 30 June 2023	403,348	200,479	244,009	15,028	5,961	(734,639)	(50,792)	83,394

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2024

10 CASH AND CASH EQUIVALENTS

	<i>KD 000's</i>		
	<i>30 June 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 June 2023</i>
Cash	276,526	269,499	412,049
Balances with Central Banks	2,020,279	2,277,019	1,398,899
Balances with banks and financial institutions – current accounts	1,059,655	1,065,586	756,577
Cash and balances with banks and financial institutions	3,356,460	3,612,104	2,567,525
Due from banks maturing within 3 months of contract date	1,456,469	1,291,914	1,499,402
Less: Statutory deposits with Central Banks	(1,587,978)	(1,855,727)	(1,259,289)
Cash and cash equivalents	3,224,951	3,048,291	2,807,638

11 FINANCING RECEIVABLES

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

	<i>KD 000's</i>		
	<i>30 June 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 June 2023</i>
Financing receivables, net of deferred and suspended profit	19,942,235	20,372,923	20,061,614
Less: Provision for impairment	(940,185)	(947,702)	(953,437)
	19,002,050	19,425,221	19,108,177

During the current period due to sale of KFH (Bahrain), net financing receivables has declined by KD 822,959 thousand (Note 6). Additionally, depreciation of Egyptian Pound and Turkish Lira has resulted in decline in net financing receivable balance by KD 474,226 thousand.

The available provision balance on non-cash facilities of KD 44,190 thousand (31 December 2023: KD 44,534 thousand and 30 June 2023: KD 44,671 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 June 2024 is KD 984,375 thousand (31 December 2023: KD 992,236 thousand and 30 June 2023: KD 998,108 thousand) which exceeds the ECL for financing receivables under IFRS 9 in accordance with CBK, by KD 544,351 thousand (31 December 2023: KD 548,595 thousand and 30 June 2023: KD 561,796 thousand).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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11 FINANCING RECEIVABLES (continued)

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 June 2024</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	<u>17,218,447</u>	<u>2,290,054</u>	<u>433,734</u>	<u>19,942,235</u>
Financing commitments and contingent liabilities (Note 15)	<u>2,198,718</u>	<u>350,856</u>	<u>40,317</u>	<u>2,589,891</u>
ECL provision for credit facilities	<u>65,375</u>	<u>108,209</u>	<u>266,440</u>	<u>440,024</u>
<i>31 December 2023</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	<u>17,825,288</u>	<u>2,138,120</u>	<u>409,515</u>	<u>20,372,923</u>
Financing commitments and contingent liabilities (Note 15)	<u>2,222,443</u>	<u>296,108</u>	<u>38,152</u>	<u>2,556,703</u>
ECL provision for credit facilities	<u>83,433</u>	<u>119,909</u>	<u>240,299</u>	<u>443,641</u>
<i>30 June 2023</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	<u>17,663,961</u>	<u>1,953,342</u>	<u>444,311</u>	<u>20,061,614</u>
Financing commitments and contingent liabilities (Note 15)	<u>2,322,311</u>	<u>266,755</u>	<u>39,024</u>	<u>2,628,090</u>
ECL provision for credit facilities	<u>88,261</u>	<u>113,567</u>	<u>234,484</u>	<u>436,312</u>

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 June 2024</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 2024	<u>83,433</u>	<u>119,909</u>	<u>240,299</u>	<u>443,641</u>
Transfer between stages:				
Transfer from / to Stage 1	<u>13,885</u>	<u>(8,194)</u>	<u>(5,691)</u>	-
Transfer from / to Stage 2	<u>(7,044)</u>	<u>9,465</u>	<u>(2,421)</u>	-
Transfer from / to Stage 3	<u>(364)</u>	<u>(5,574)</u>	<u>5,938</u>	-
Net (decrease) increase in ECL for the period	<u>(18,277)</u>	<u>11,761</u>	<u>59,222</u>	<u>52,706</u>
Amounts written off	-	-	<u>(17,350)</u>	<u>(17,350)</u>
Related to disposal of subsidiary	<u>(994)</u>	<u>(2,733)</u>	<u>(4,359)</u>	<u>(8,086)</u>
Foreign exchange adjustments	<u>(5,264)</u>	<u>(16,425)</u>	<u>(9,198)</u>	<u>(30,887)</u>
At 30 June 2024	<u><u>65,375</u></u>	<u><u>108,209</u></u>	<u><u>266,440</u></u>	<u><u>440,024</u></u>

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11 FINANCING RECEIVABLES (continued)

<i>30 June 2023</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 2023	83,848	115,187	208,707	407,742
Transfer between stages:				
Transfer from / to Stage 1	3,498	(698)	(2,800)	-
Transfer from / to Stage 2	(2,312)	3,979	(1,667)	-
Transfer from / to Stage 3	(2,596)	(1,192)	3,788	-
Net increase in ECL for the period	14,153	10,779	45,970	70,902
Amounts written off	-	-	(9,643)	(9,643)
Foreign exchange adjustments	(8,330)	(14,488)	(9,871)	(32,689)
At 30 June 2023	<u>88,261</u>	<u>113,567</u>	<u>234,484</u>	<u>436,312</u>

12 SHARE CAPITAL, ISSUE OF BONUS SHARES AND CASH DIVIDENDS

On 22 February 2024, the Parent Company's authorized, issued and paid-up capital was increased from 14,764,456,572 shares to 15,695,823,374 shares, through issuing 931,366,802 shares at the nominal value of 100 fils per share amounting to KD 93,137 thousand, pursuant to the merger (Note 3).

The ordinary general assembly of the Bank's shareholders held on 18 March 2024 approved to distribute bonus shares of 9% (2022: 10%) of the issued and fully paid share capital, and final cash dividends of 10 fils per share to the Bank's shareholders, other than interim cash dividend of 10 fils per share which was paid during the year ended 31 December 2023 (2022: 15 fils per share).

The Extra-ordinary general assembly of the Bank's shareholders held on 18 March 2024 also approved to increase the authorised share capital to be comprised of 17,108,447,477 shares (31 December 2023: 14,764,456,572 and 30 June 2023: 14,764,456,572) shares of 100 fils each.

The issued, and fully paid share capital as at 30 June 2024 comprise of 17,108,447,477 shares (31 December 2023: 14,764,456,572 and 30 June 2023: 14,764,456,572) shares of 100 fils each.

The Board of Directors approved distribution of an interim cash dividend of 10 fils per share on the outstanding shares as of 30 June 2024 (30 June 2023: 10 fils per share). The interim cash dividend shall be payable to shareholders after obtaining necessary regulatory approvals.

13 PERPETUAL TIER 1 CAPITAL SECURITIES AND SUKUKS

	<i>KD 000's</i>		
	<i>(Audited)</i>		
	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2023</i>
Perpetual Tier-1 Sukuk issued by the Bank (a)	383,630	225,734	225,945
Perpetual Tier-1 Sukuk issued by the AUB Kuwait (a)	-	158,548	158,698
Perpetual Tier I Capital securities issued by AUB (b)	118,061	118,099	118,215
	<u>501,691</u>	<u>502,381</u>	<u>502,858</u>

(a) 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.

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13 PERPETUAL TIER 1 CAPITAL SECURITIES AND SUKUKS (continued)

During the year ended 31 December 2021, AUB Kuwait completed a US\$ 600 million Basel III compliant Additional Tier 1 Perpetual Capital Sukuk issue that bears a profit rate of 3.875% per annum, which are eligible to be classified under equity. These are subordinated, unsecured and carry a periodic distribution amount, payable semi-annually in arrears, is callable after five years period of issuance until the first call date ending September 2026 or any profit distribution date thereafter subject to certain redemption conditions, including prior CBK approval. The securities are listed on the Irish Stock Exchange and NASDAQ Dubai.

On 22 September 2023, an Extraordinary General Meeting (EGM) of the Sukuk holders approved changing the obligor ('Mudareb') name from AUB Kuwait to the Parent Company which has been disclosed on NASDAQ, Dubai and Euronext stock exchanges. The Parent Company has taken over as obligor of the perpetual Tier 1 Sukuk, post obtaining relevant approvals and completion of the merger. (Note 3)

(b) Basel III compliant Additional Tier I Perpetual Capital Securities issued by a subsidiary Ahli United Bank B.S.C.(C) (AUB) during 2015 carried an initial distribution rate of 6.875% per annum payable semi-annually with a reset after every 5 years. On completion of the initial 5 years period, during 2020, distribution rate was reset to 5.839%. These securities are perpetual, subordinated and unsecured. The securities are listed on the Irish Stock Exchange. AUB can elect to make a distribution at its own discretion. The holders of these securities do not have a right to claim the same and such an event will not be considered an event of default. The securities carry no maturity date and have been classified under equity.

14 DIRECTORS' FEES

The ordinary general assembly meeting of the shareholders of the Bank for the year ended 31 December 2023 held on 18 March 2024 approved the directors' fees proposed for the year ended 31 December 2023 of KD 1,308 thousand (2022: KD 1,096 thousand).

15 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 June</i>	<i>(Audited)</i>	
	<i>2024</i>	<i>31 December</i>	<i>30 June</i>
		<i>2023</i>	<i>2023</i>
Acceptances and letters of credit	363,750	390,868	533,322
Letters of guarantee	2,226,141	2,165,835	2,094,768
	<hr/> 2,589,891 <hr/>	<hr/> 2,556,703 <hr/>	<hr/> 2,628,090 <hr/>
Contingencies			
Capital commitments and others	705,491	535,691	452,203
	<hr/> 705,491 <hr/>	<hr/> 535,691 <hr/>	<hr/> 452,203 <hr/>

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16 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 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2023</i>	<i>30 June 2024</i>	<i>31 December 2023</i>	<i>30 June 2023</i>
Board Members									
Finance facilities and credit cards	28	31	31	28	31	24	12,829	12,351	12,550
Depositors' accounts	62	83	78	110	120	125	22,062	24,063	22,909
Collateral against finance facilities	5	4	4	6	4	4	23,167	18,870	20,030
Executive Officers									
Finance facilities and credit cards	81	96	87	21	21	21	2,922	2,277	2,508
Depositors' accounts	103	111	109	127	123	138	14,081	12,396	16,559
Collateral against finance facilities	9	6	6	5	5	3	4,360	2,621	3,132

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17 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 debt securities, 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
Corporate 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 June 2024					
Total assets	<u>13,458,405</u>	<u>7,372,873</u>	<u>11,567,434</u>	<u>4,026,661</u>	<u>36,425,373</u>
Total liabilities	<u>9,834,499</u>	<u>14,560,134</u>	<u>5,037,911</u>	<u>826,776</u>	<u>30,259,320</u>
Operating income	<u>65,094</u>	<u>286,782</u>	<u>346,771</u>	<u>124,795</u>	<u>823,442</u>
Profit (loss) for the period	<u>56,359</u>	<u>117,831</u>	<u>220,535</u>	<u>(40,884)</u>	<u>353,841</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 June 2023					
Total assets	<u>12,017,402</u>	<u>9,218,954</u>	<u>11,218,661</u>	<u>4,565,741</u>	<u>37,020,758</u>
Total liabilities	<u>7,626,886</u>	<u>16,147,437</u>	<u>6,191,396</u>	<u>1,000,307</u>	<u>30,966,026</u>
Operating income	<u>159,369</u>	<u>243,749</u>	<u>244,812</u>	<u>86,431</u>	<u>734,361</u>
Profit (loss) for the period	<u>119,527</u>	<u>106,884</u>	<u>173,969</u>	<u>(5,817)</u>	<u>394,563</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2024

18 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 June 2024:

	<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	-	16,277	-	16,277
Equities at FVTPL	33,938	109,134	23,257	166,329
Equities at FVOCI	45,363	13,463	56,324	115,150
Debt securities at FVTPL	240,660	-	-	240,660
Debt securities at FVOCI	2,877,568	87,681	14,764	2,980,013
<i>Derivative financial assets:</i>				
Forward contracts	-	7,419	-	7,419
Profit rate swaps	-	131,406	-	131,406
Currency swaps	-	36,798	-	36,798
Others	-	62	-	62
	<u>3,197,529</u>	<u>402,240</u>	<u>94,345</u>	<u>3,694,114</u>
	<u><u>3,197,529</u></u>	<u><u>402,240</u></u>	<u><u>94,345</u></u>	<u><u>3,694,114</u></u>
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	-	3,849	-	3,849
Profit rate swaps	-	60,788	-	60,788
Currency swaps	-	23,617	-	23,617
Embedded precious metals	-	868	-	868
Others	-	48	-	48
	<u>-</u>	<u>89,170</u>	<u>-</u>	<u>89,170</u>
	<u><u>-</u></u>	<u><u>89,170</u></u>	<u><u>-</u></u>	<u><u>89,170</u></u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2024

18 FAIR VALUES (continued)

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2023:

Financial assets measured at fair value:	<i>KD 000's</i>			
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at FVTPL	-	16,277	-	16,277
Equities at FVTPL	43,713	77,767	9,114	130,594
Equities at FVOCI	77,709	18,998	66,663	163,370
Debt securities at FVTPL	448,615	-	-	448,615
Debt securities at FVOCI	3,120,122	18,985	40,710	3,179,817
<i>Derivative financial assets:</i>				
Forward contracts	-	8,084	-	8,084
Profit rate swaps	-	133,003	-	133,003
Currency swaps	-	32,873	-	32,873
Others	-	4,685	-	4,685
	3,690,159	310,672	116,487	4,117,318
	3,690,159	310,672	116,487	4,117,318

Financial liabilities measured at fair value:	<i>KD 000's</i>			
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	8,484	-	8,484
Profit rate swaps	-	79,018	-	79,018
Currency swaps	-	3,712	-	3,712
Others	-	4,267	-	4,267
	-	95,481	-	95,481
	-	95,481	-	95,481

The following table provides the fair value measurement hierarchy of the Group financial assets and financial liabilities as at 30 June 2023:

Financial assets measured at fair value:	<i>KD 000's</i>			
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at fair value profit and loss	-	16,847	-	16,847
Equities at FVTPL	52,475	30,137	32,480	115,092
Equities at FVOCI	38,750	19,511	78,103	136,364
Debt securities at FVTPL	329,911	-	-	329,911
Debt securities at FVOCI	2,923,520	18,164	42,108	2,983,792
<i>Derivative financial assets:</i>				
Forward contracts	-	8,138	-	8,138
Profit rate swaps	-	154,211	-	154,211
Currency swaps	-	72,884	-	72,884
Others	-	169	-	169
	3,344,656	320,061	152,691	3,817,408
	3,344,656	320,061	152,691	3,817,408

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2024

18 FAIR VALUES (continued)

Financial liabilities measured at fair value:	<i>KD 000's</i>			
	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	17,283	-	17,283
Profit rate swaps	-	51,200	-	51,200
Currency swaps	-	8,784	-	8,784
Embedded precious metals	-	799	-	799
Others	-	247	-	247
	-	78,313	-	78,313

No transfers have been made between the levels of hierarchy.

Level 3 investments included unquoted Sukuk of KD 14,764 thousand (31 December 2023: KD 40,710 thousand and 30 June 2023: KD 42,108 thousand) and unquoted equity investments of KD 79,581 thousand (31 December 2023: KD 75,777 thousand and 30 June 2023: KD 110,583 thousand). Investment in debt securities included in this category represent Investment in debt securities issued by sovereign entities, financial institutions and corporates. The fair values of unquoted Investment in debt securities are estimated using discounted cash flow method using discount rate ranging from 6.0% to 7.5% (31 December 2023: 5.8% to 14.7% and 30 June 2023: 5.9% to 16.1%). 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%.

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>2024</i>	<i>2023</i>
As at 1 January	116,487	143,572
Fair value re-measurement	3,743	729
(Disposal) purchase, net	(25,885)	8,390
As at 30 June	94,345	152,691

19 HYPERINFLATION ACCOUNTING

The subsidiary Kuwait Turkish Participation Bank (KTPB) has banking operations in Turkey. The Turkish economy was 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 periods is as below:

<i>Reporting period</i>	<i>Index</i>	<i>Conversion factor</i>
30 June 2024	2281.85	1.263
31 December 2023	1806.50	1.620
30 June 2023	1300.60	1.166
31 December 2022	1115.26	1.623