

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

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

30 SEPTEMBER 2024



**Building a better
working world**

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
+965 2245 2880
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/Mena

Deloitte.

**Deloitte & Touche
Al-Wazzan & Co.**

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait
Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Finance House K.S.C.P. (“the Bank”) and its subsidiaries (collectively “the Group”) as at 30 September 2024 and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income, for the three-months and nine-months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank's Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended 30 September 2024 that might have had a material effect on the business of the Bank or on its financial position.

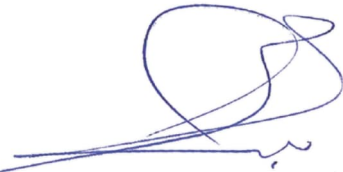
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P. (continued)

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 nine months period ended 30 September 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.

20 October 2024
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 30 September 2024

		<i>KD 000's</i>			
		<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
<i>Notes</i>		<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
INCOME					
	Financing income	715,793	582,025	2,131,048	1,572,721
	Finance cost and estimated distribution to depositors	(439,463)	(326,616)	(1,295,962)	(858,832)
	Net financing income	276,330	255,409	835,086	713,889
	Investment income	22,246	64,748	92,241	155,077
	Fees and commission income	42,685	38,681	123,743	97,426
	Net gain from foreign currencies	23,110	26,315	116,688	119,089
	Other operating income / (loss)	4,768	(3,734)	24,823	30,299
	TOTAL OPERATING INCOME	369,139	381,419	1,192,581	1,115,780
OPERATING EXPENSES					
	Staff costs	(80,534)	(73,107)	(253,427)	(211,735)
	General and administrative expenses	(38,809)	(36,487)	(122,779)	(106,834)
	Depreciation and amortisation	(21,214)	(21,100)	(62,331)	(57,400)
	TOTAL OPERATING EXPENSES	(140,557)	(130,694)	(438,537)	(375,969)
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENT AND NET MONETARY LOSS					
		228,582	250,725	754,044	739,811
	Provisions and impairment	114	2,320	(6,244)	(23,544)
	Net monetary loss	(31,040)	(70,036)	(117,819)	(79,230)
	OPERATING PROFIT BEFORE TAXATION	197,656	183,009	629,981	637,037
	Taxation	(41,070)	(56,879)	(119,554)	(116,344)
	PROFIT FOR THE PERIOD	156,586	126,130	510,427	520,693
Attributable to:					
	Shareholders of the Bank	141,751	128,141	482,929	461,531
	Non-controlling interests	14,835	(2,011)	27,498	59,162
		156,586	126,130	510,427	520,693
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK					
		8.90 fils	8.05 fils	29.62 fils	28.26 fils

The attached notes 1 to 18 form part of the interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2024

	<i>KD 000's</i>			
	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>30 September</u> <u>2024</u>	<u>2023</u>	<u>30 September</u> <u>2024</u>	<u>2023</u>
Profit for the period	156,586	126,130	510,427	520,693
<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	(634)	(669)	(5,893)	411
Net change in pension fund reserve	(52)	2,451	1,264	(4,480)
<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	29,156	(37,193)	(27,764)	(110,219)
Net transfer to interim condensed consolidated statement of income	(2,531)	(4,460)	(12,748)	3,304
Net loss on investment in debt securities at fair value through other comprehensive income	26,625	(41,653)	(40,512)	(106,915)
Share of other comprehensive (loss) gain from associates and joint ventures	(445)	440	1,949	(140)
Net change in fair value of cash flow hedges	-	174	(21)	(1)
Exchange differences on translation of foreign operations	(31,762)	(45,678)	(234,076)	(219,910)
Other comprehensive loss for the period	(6,268)	(84,935)	(277,289)	(331,035)
Total comprehensive income for the period	150,318	41,195	233,138	189,658
Attributable to:				
Shareholders of the Bank	149,427	74,986	273,246	228,950
Non-controlling interests	891	(33,791)	(40,108)	(39,292)
	150,318	41,195	233,138	189,658

The attached notes 1 to 18 form part of the interim condensed consolidated financial information.

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

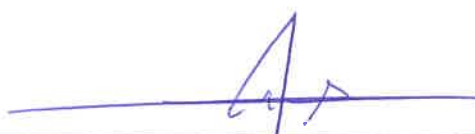
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2024

		KD 000's		
			<i>(Audited)</i>	
	<i>Notes</i>	30 September 2024	31 December 2023	30 September 2023
ASSETS				
Cash and balances with banks and financial institutions	10	3,665,006	3,612,104	3,321,198
Due from banks		2,160,711	2,971,422	3,251,776
Financing receivables	11	19,135,768	19,425,221	18,994,544
Investment in debt securities		6,413,779	7,006,323	6,336,048
Trading properties		95,089	105,267	107,770
Investments		300,774	310,241	276,490
Investment in associates and joint ventures		547,100	542,948	537,858
Investment properties		383,390	376,616	359,561
Other assets		863,636	903,238	1,115,431
Goodwill and intangible assets		2,327,137	2,397,868	2,421,328
Property and equipment		366,947	358,692	346,757
TOTAL ASSETS		36,259,337	38,009,940	37,068,761
LIABILITIES				
Due to banks		4,699,870	4,777,278	4,699,300
Due to financial institutions		3,103,416	3,206,512	3,071,316
Sukuk payables and term financing	7	872,972	635,532	655,567
Depositors' accounts		19,864,999	21,812,815	21,076,015
Other liabilities		1,466,463	1,414,464	1,531,054
TOTAL LIABILITIES		30,007,720	31,846,601	31,033,252
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	215,350	53,499	210,038
		5,371,482	5,169,868	5,215,920
Proposed cash dividends	12	-	146,042	-
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK		5,371,482	5,315,910	5,215,920
Perpetual Tier 1 Capital Securities and Sukuks	13	498,247	502,381	506,076
Non-controlling interests		381,888	345,048	313,513
TOTAL EQUITY		6,251,617	6,163,339	6,035,509
TOTAL LIABILITIES AND EQUITY		36,259,337	38,009,940	37,068,761



HAMAD ABDOUL MOHSEN AL-MARZOUQ
(CHAIRMAN)



ABDULWAHAB ISSA ALRUSHOOD
(ACTING GROUP CHIEF EXECUTIVE OFFICER)

The attached notes 1 to 18 form part of the interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2024

KD 000's

	Attributable to shareholders of the Bank							Perpetual Tier 1 Capital Securities and Sukuku	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	-	-	-	-	482,929	482,929	-	482,929	-	27,498	510,427
Other comprehensive loss	-	-	-	-	(209,683)	(209,683)	-	(209,683)	-	(67,606)	(277,289)
Total comprehensive income (loss)	-	-	-	-	273,246	273,246	-	273,246	-	(40,108)	233,138
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)	-	-	-	-	-	-	-	-
Final cash dividends (Note 12)	-	-	-	-	-	-	(146,042)	(146,042)	-	-	(146,042)
Interim cash dividend (Note 12)	-	-	-	-	(159,304)	(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	-	-	-	-	2,401	2,401	-	2,401	(2,401)	-	-
Net movement on Perpetual Tier 1 Capital Securities and Sukuku	-	-	-	-	-	-	-	-	(1,733)	-	(1,733)
Profit payment on Perpetual Tier 1 Capital Securities and Sukuku	-	-	-	-	(11,286)	(11,286)	-	(11,286)	-	-	(11,286)
Group's share of associate adjustments	-	-	-	-	(4,007)	(4,007)	-	(4,007)	-	-	(4,007)
Impact of application of IAS 29 (Note 18)	-	-	-	-	105,593	105,593	-	105,593	-	77,063	182,656
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(11,904)	(11,904)
Acquisition of non-controlling interest (Note 3)	-	-	-	-	(4,528)	(4,528)	-	(4,528)	-	(28,751)	(33,279)
Change in ownership of subsidiaries without loss of control	-	-	-	-	13,060	13,060	-	13,060	-	49,788	62,848
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(9,248)	(9,248)
Balance at 30 September 2024	1,710,844	4,267,447	-	(822,159)	215,350	5,371,482	-	5,371,482	498,247	381,888	6,251,617

The attached notes 1 to 18 form part of the interim condensed consolidated financial information.

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

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

For the period ended 30 September 2024

KD 000's

	<i>Attributable to shareholders of the Bank</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>	<i>Proposed cash dividends</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	-	-	-	-	461,531	461,531	-	461,531	-	59,162	520,693
Other comprehensive loss	-	-	-	-	(232,581)	(232,581)	-	(232,581)	-	(98,454)	(331,035)
Total comprehensive income (loss)	-	-	-	-	228,950	228,950	-	228,950	-	(39,292)	189,658
Zakat and donations	-	-	-	-	(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)
Interim cash dividend (Note 12)	-	-	-	-	(146,063)	(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	-	-	-	-	(2,025)	(2,025)	-	(2,025)	4,410	-	2,385
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	-	-	-	-	(4,179)	(4,179)	-	(4,179)	-	-	(4,179)
Impact of application of IAS 29 (Note 18)	-	-	-	-	96,419	96,419	-	96,419	-	58,496	154,915
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(18,056)	(18,056)
Acquisition of non-controlling interest	-	-	-	-	(12,305)	(12,305)	-	(12,305)	-	(114,210)	(126,515)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	122	122
Balance at 30 September 2023	1,476,445	3,611,765	-	(82,328)	210,038	5,215,920	-	5,215,920	506,076	313,513	6,035,509

The attached notes 1 to 18 form part of the interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2024

	Notes	<i>KD 000's</i>	
		<i>Nine months ended</i>	
		<i>30 September 2024</i>	<i>30 September 2023</i>
OPERATING ACTIVITIES			
Profit for the period		510,427	520,693
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		62,331	57,400
Provisions and impairment		6,244	23,544
Gain on sale of investments		(119,459)	(69,723)
Dividend income		(4,325)	(4,520)
Share of results of associates and joint ventures		(28,422)	(20,712)
Gain on sale of investment properties		(14,841)	(61,501)
Net monetary loss	18	117,819	79,230
		529,774	524,411
Changes in operating assets and liabilities			
<i>Decrease (increase) in operating assets:</i>			
Financing receivables and due from banks		589,082	353,810
Investment in debt securities		548,594	(303,098)
Trading properties		10,178	(12,660)
Other assets		39,602	(139,607)
Statutory deposit with Central Banks		602,768	(258,419)
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		(180,504)	137,313
Depositors' accounts		(1,947,816)	45,607
Other liabilities		(132,903)	71,846
Net cash flows from operating activities		58,775	419,203
INVESTING ACTIVITIES			
Investments, net		102,995	(24,844)
Additions/ purchase of investment properties		(3,162)	(4,585)
Proceeds from sale of investment properties		19,901	101,431
Purchase of property and equipment		(45,737)	(33,502)
Proceeds from sale of property and equipment		9,289	3,604
Intangible assets, net		(730)	(1,425)
Capital injection/ proceeds from redemption of investment in associates and joint ventures		-	(14,380)
Dividend received		12,286	14,253
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		195,308	(85,963)
FINANCING ACTIVITIES			
Profit payment on perpetual Tier-1 Capital Securities and Sukuks		(11,286)	(11,047)
Movement in Sukuk payables and term financing		237,440	(128,624)
Net movement in treasury shares		9,171	(40,565)
Cash dividends paid		(301,539)	(342,913)
Dividends paid to non-controlling interest		(11,904)	(18,056)
Zakat paid		(9,104)	(13,225)
Net cash flows used in financing activities		(87,222)	(554,430)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		166,861	(221,190)
Cash and cash equivalents at 1 January		3,048,291	3,201,022
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	10	3,215,152	2,979,832

The attached notes 1 to 18 form part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 30 September 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 nine months period ended 30 September 2024 were authorised for issue by the Bank’s Board of Directors on 10 October 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 nine months period ended 30 September 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.

At 30 September 2024

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 nine months period ended 30 September 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

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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>Nine months ended</i>	
	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Basic and diluted earnings per share:				
Profit for the period attributable to shareholders of the Bank (thousand KD)	141,751	128,141	482,929	461,531
Less: Profit payment on Perpetual Tier 1 Capital Securities and Sukuks (thousand KD)	-	-	(11,286)	(10,870)
	<u>141,751</u>	<u>128,141</u>	<u>471,643</u>	<u>450,661</u>
Profit for the period attributable to shareholders of the Bank after profit payment on Perpetual Tier 1 Capital Securities and Sukuks (thousand KD)	141,751	128,141	471,643	450,661
	<u>141,751</u>	<u>128,141</u>	<u>471,643</u>	<u>450,661</u>
Weighted average number of shares outstanding during the period, net of treasury shares (thousand shares)	15,930,410	15,921,696	15,920,705	15,944,620
	<u>15,930,410</u>	<u>15,921,696</u>	<u>15,920,705</u>	<u>15,944,620</u>
Basic and diluted earnings per share attributable to the shareholders of the Bank	8.90 fils	8.05 fils	29.62 fils	28.26 fils
	<u>8.90 fils</u>	<u>8.05 fils</u>	<u>29.62 fils</u>	<u>28.26 fils</u>

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

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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>
	<u>30 September 2024</u> <u>30 September 2023</u>
Income	10,373 27,242
Expenses	(7,813) (12,443)
Profit for the period	<u>2,560</u> <u>14,799</u>

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

	<i>KD 000's</i>
	<u>30 September 2024</u>
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	<u>100,466</u>

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>			
	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>30 September 2024</u>	<u>30 September 2023</u>	<u>30 September 2024</u>	<u>30 September 2023</u>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(1,284)	(1,279)	(4,497)	(4,156)
National Labour Support Tax (NLST)	(4,389)	(5,292)	(15,736)	(13,122)
Zakat (based on Zakat Law No. 46/2006)	(1,830)	(1,925)	(6,338)	(5,746)
Taxation related to subsidiaries	(33,567)	(48,383)	(92,983)	(93,320)
	<u>(41,070)</u>	<u>(56,879)</u>	<u>(119,554)</u>	<u>(116,344)</u>

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

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9 RESERVES

The movement of reserves is analysed as follows:

	<i>30 September 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	-	-	482,929	-	-	-	-	482,929
Other comprehensive (loss) income	-	-	-	-	(19,778)	(191,148)	1,243	(209,683)
Total comprehensive income (loss)	-	-	482,929	-	(19,778)	(191,148)	1,243	273,246
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	-	-	5,950	-	(5,950)	-	-	-
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	2,401	-	-	-	-	2,401
Profit payment on Perpetual Tier 1 Capital Securities and Sukuks	-	-	(11,286)	-	-	-	-	(11,286)
Group's share of associate adjustments	-	-	(4,007)	-	-	-	-	(4,007)
Impact of application of IAS 29 (Note 18)	-	-	105,593	-	-	-	-	105,593
Profit on sale of treasury shares	-	-	-	2,687	-	-	-	2,687
Change in ownership of subsidiary without loss of control	-	-	-	-	1,558	52,931	(41,429)	13,060
Acquisition of non-controlling interest	-	-	-	-	-	-	(4,528)	(4,528)
Balance at 30 September 2024	464,864	205,984	582,199	17,715	(35,868)	(928,415)	(91,129)	215,350

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

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9 RESERVES (continued)

	<i>30 September 2023</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 2023	403,348	251,206	29,608	15,028	47,135	(603,493)	(31,381)	111,451
Profit for the period	-	-	461,531	-	-	-	-	461,531
Other comprehensive loss	-	-	-	-	(73,487)	(154,613)	(4,481)	(232,581)
Total comprehensive income (loss)	-	-	461,531	-	(73,487)	(154,613)	(4,481)	228,950
Interim cash dividends (Note 12)	-	-	(146,063)	-	-	-	-	(146,063)
Zakat and donations	-	(50,727)	(613)	-	-	-	-	(51,340)
Transfer of fair value reserve of equity investment at FVOCI	-	-	(1)	-	1	-	-	-
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	(2,025)	-	-	-	-	(2,025)
Profit payment on Perpetual Tier 1 Capital Securities and Sukuks	-	-	(10,870)	-	-	-	-	(10,870)
Group's share of associate adjustments	-	-	(4,179)	-	-	-	-	(4,179)
Impact of application of IAS 29 (Note 18)	-	-	96,419	-	-	-	-	96,419
Acquisition of non-controlling interest	-	-	-	-	-	-	(12,305)	(12,305)
Balance at 30 September 2023	403,348	200,479	423,807	15,028	(26,351)	(758,106)	(48,167)	210,038

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10 CASH AND CASH EQUIVALENTS

	<i>KD 000's</i>		
	<i>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
Cash	213,752	269,499	367,153
Balances with Central Banks	2,178,409	2,277,019	2,056,340
Balances with banks and financial institutions – current Accounts	1,272,845	1,065,586	897,705
Cash and balances with banks and financial institutions	3,665,006	3,612,104	3,321,198
Due from banks maturing within 3 months of contract date	803,105	1,291,914	1,365,055
Less: Statutory deposits with Central Banks	(1,252,959)	(1,855,727)	(1,706,421)
Cash and cash equivalents	3,215,152	3,048,291	2,979,832

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>(Audited)</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2024</i>	<i>2023</i>	<i>2023</i>
Financing receivables, net of deferred and suspended profit	20,062,583	20,372,923	19,948,763
Less: Provision for impairment	(926,815)	(947,702)	(954,219)
	19,135,768	19,425,221	18,994,544

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 550,076 thousand.

The available provision balance on non-cash facilities of KD 44,065 thousand (31 December 2023: KD 44,534 thousand and 30 September 2023: KD 44,622 thousand) is included under other liabilities.

Total provision for ECL is accounted as per CBK regulation which require ECL to be measured at the higher of the ECL computed under IFRS 9 in accordance with CBK or the provision required by CBK instructions. Total provision for credit losses recorded as per CBK instructions for utilized and unutilized cash and non-cash financing facilities as at 30 September 2024 is KD 970,880 thousand (31 December 2023: KD 992,236 thousand and 30 September 2023: KD 998,841 thousand) which exceeds the ECL for financing receivables under IFRS 9 in accordance with CBK, by KD 513,768 thousand (31 December 2023: KD 548,595 thousand and 30 September 2023: KD 560,800 thousand).

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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 September 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	17,237,663	2,355,171	469,749	20,062,583
Financing commitments and contingent liabilities (Note 14)	2,315,978	373,153	40,469	2,729,600
ECL provision for credit facilities	63,558	115,668	277,886	457,112
<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	17,825,288	2,138,120	409,515	20,372,923
Financing commitments and contingent liabilities (Note 14)	2,222,443	296,108	38,152	2,556,703
ECL provision for credit facilities	83,433	119,909	240,299	443,641
<i>30 September 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	17,478,626	2,005,209	464,928	19,948,763
Financing commitments and contingent liabilities (Note 14)	2,215,626	281,658	38,419	2,535,703
ECL provision for credit facilities	86,389	98,373	253,279	438,041

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

<i>30 September 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	83,433	119,909	240,299	443,641
Transfer between stages:				
Transfer from / to Stage 1	27,352	(8,961)	(18,391)	-
Transfer from / to Stage 2	(3,015)	7,141	(4,126)	-
Transfer from / to Stage 3	(544)	(17,453)	17,997	-
Net (decrease) increase in ECL for the period	(38,714)	29,432	89,088	79,806
Amounts written off	-	-	(33,068)	(33,068)
Related to disposal of subsidiary	(994)	(2,733)	(4,359)	(8,086)
Foreign exchange adjustments	(3,960)	(11,667)	(9,554)	(25,181)
At 30 September 2024	63,558	115,668	277,886	457,112

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11 FINANCING RECEIVABLES (continued)

<i>30 September 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 from / to Stage 1	6,922	(1,299)	(5,623)	-
Transfer from / to Stage 2	(1,168)	2,971	(1,803)	-
Transfer from / to Stage 3	(146)	(1,449)	1,595	-
Net increase in ECL for the period	6,194	3,671	75,423	85,288
Amounts written off	-	-	(10,910)	(10,910)
Foreign exchange adjustments	(9,261)	(20,708)	(14,110)	(44,079)
At 30 September 2023	<u>86,389</u>	<u>98,373</u>	<u>253,279</u>	<u>438,041</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 September 2023: 14,764,456,572) shares of 100 fils each.

The issued, and fully paid share capital as at 30 September 2024 comprise of 17,108,447,477 shares (31 December 2023: 14,764,456,572 and 30 September 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), which was paid during the period.

13 PERPETUAL TIER 1 CAPITAL SECURITIES AND SUKUKS

	<i>KD 000's</i>		
	<i>30 September 2024</i>	<i>(Audited) 31 December 2023</i>	<i>30 September 2023</i>
Perpetual Tier-1 Sukuk issued by the Bank (a)	380,918	225,734	227,384
Perpetual Tier-1 Sukuk issued by the AUB Kuwait (a)	-	158,548	118,965
Perpetual Tier I Capital securities issued by AUB (b)	117,329	118,099	159,727
	<u>498,247</u>	<u>502,381</u>	<u>506,076</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 June 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 June 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 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>30 September 2024</i>	<i>(Audited) 31 December 2023</i>	<i>KD 000's 30 September 2023</i>
Acceptances and letters of credit	388,222	390,868	444,061
Letters of guarantee	2,341,378	2,165,835	2,091,642
Contingencies	2,729,600	2,556,703	2,535,703
Capital commitments and others	802,965	535,691	466,371

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15 RELATED PARTY TRANSACTIONS

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

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

		<i>KD 000's</i>					
		<i>Board members and executive officers</i>	<i>Other related parties</i>	<i>Total (Audited)</i>			
<i>Major shareholders</i>	<i>Associates</i>			<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>	
Related parties							
Financing receivables and due from Banks	-	54,878	3,535	12,409	70,822	148,875	139,405
Due to Banks and financial institutions	1,338,405	41,822	-	-	1,380,227	1,482,123	1,316,825
Depositors' accounts	-	235,854	24,415	44,165	304,434	90,100	67,794
Contingencies and commitments	1,901	11,609	-	11	13,521	15,678	15,202

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

		<i>KD 000's</i>				
		<i>Board members and executive officers</i>	<i>Other related parties</i>	<i>Total</i>		
<i>Major shareholders</i>	<i>Associates</i>			<i>Nine months ended</i>		
				<i>30 September 2024</i>	<i>30 September 2023</i>	
Financing income	-	3,294	120	502	3,916	6,743
Fee and commission income	-	246	181	1	428	536
Finance cost and estimated distribution to depositors	45,158	4,739	287	364	50,548	43,504

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

		<i>KD 000's</i>	
		<i>Nine months ended</i>	
		<i>30 September 2024</i>	<i>30 September 2023</i>
Salaries, allowances and bonuses of key management personnel		14,193	13,927
Termination and long term benefits of key management personnel		1,318	1,552
Board of directors' remuneration		794	697
		16,305	16,176

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).

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15 RELATED PARTY TRANSACTIONS (continued)

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

	<i>KD 000's</i>								
	<i>The number of Board Members or Executive Officers</i>			<i>The number of related parties (Relatives of Board Members or Executive Officers)</i>			<i>Values</i>		
	<i>(Audited)</i>			<i>(Audited)</i>			<i>(Audited)</i>		
	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>	<i>30 September 2024</i>	<i>31 December 2023</i>	<i>30 September 2023</i>
Board Members									
Finance facilities and credit cards	26	31	30	32	31	28	12,714	12,351	12,415
Depositors' accounts	56	83	79	110	120	121	18,164	24,063	26,316
Collateral against finance facilities	5	4	4	6	4	4	20,246	18,870	19,080
Executive Officers									
Finance facilities and credit cards	79	96	91	21	21	19	2,984	2,277	2,024
Depositors' accounts	95	111	104	123	123	132	13,659	12,396	11,907
Collateral against finance facilities	7	6	5	5	5	4	4,306	2,621	2,094

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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16 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 September 2024					
Total assets	<u>13,345,589</u>	<u>7,375,640</u>	<u>11,539,991</u>	<u>3,998,117</u>	<u>36,259,337</u>
Total liabilities	<u>9,527,742</u>	<u>14,770,149</u>	<u>4,789,383</u>	<u>920,446</u>	<u>30,007,720</u>
Operating income	<u>89,736</u>	<u>404,819</u>	<u>518,254</u>	<u>179,772</u>	<u>1,192,581</u>
Profit (loss) for the period	<u>70,870</u>	<u>151,979</u>	<u>328,217</u>	<u>(40,639)</u>	<u>510,427</u>

	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Retail and private banking</i>	<i>Corporate banking</i>	<i>Investment</i>	<i>Total</i>
30 September 2023					
Total assets	<u>12,284,252</u>	<u>9,127,621</u>	<u>11,163,193</u>	<u>4,493,695</u>	<u>37,068,761</u>
Total liabilities	<u>7,983,025</u>	<u>16,082,960</u>	<u>6,118,086</u>	<u>849,181</u>	<u>31,033,252</u>
Operating income	<u>231,377</u>	<u>360,323</u>	<u>371,401</u>	<u>152,679</u>	<u>1,115,780</u>
Profit (loss) for the period	<u>160,328</u>	<u>163,890</u>	<u>278,802</u>	<u>(82,327)</u>	<u>520,693</u>

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17 FAIR VALUES

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

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 September 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	24,619	129,759	20,082	174,460
Equities at FVOCI	39,956	13,842	56,239	110,037
Debt securities at FVTPL	172,912	-	-	172,912
Debt securities at FVOCI	3,273,567	90,984	14,137	3,378,688
<i>Derivative financial assets:</i>				
Forward contracts	-	10,104	-	10,104
Profit rate swaps	-	71,911	-	71,911
Currency swaps	-	70,234	-	70,234
Others	-	34	-	34
	<u>3,511,054</u>	<u>403,145</u>	<u>90,458</u>	<u>4,004,657</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	-	17,923	-	17,923
Profit rate swaps	-	110,351	-	110,351
Currency swaps	-	26,069	-	26,069
Embedded precious metals	-	911	-	911
Others	-	33	-	33
	<u>-</u>	<u>155,287</u>	<u>-</u>	<u>155,287</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2024

17 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 September 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	40,274	34,413	32,419	107,106
Equities at FVOCI	40,833	19,666	92,038	152,537
Debt securities at FVTPL	343,304	-	-	343,304
Debt securities at FVOCI	2,986,374	15,952	40,459	3,042,785
<i>Derivative financial assets:</i>				
Forward contracts	-	8,409	-	8,409
Profit rate swaps	-	216,098	-	216,098
Currency swaps	-	55,641	-	55,641
Others	-	80	-	80
	3,410,785	367,106	164,916	3,942,807
	3,410,785	367,106	164,916	3,942,807

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2024

17 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	-	9,769	-	9,769
Profit rate swaps	-	56,357	-	56,357
Currency swaps	-	2,668	-	2,668
Embedded precious metals	-	834	-	834
Others	-	91	-	91
	-	69,719	-	69,719

No transfers have been made between the levels of hierarchy.

Level 3 investments included unquoted Sukuk of KD 14,137 thousand (31 December 2023: KD 40,710 thousand and 30 September 2023: KD 40,459 thousand) and unquoted equity investments of KD 76,321 thousand (31 December 2023: KD 75,777 thousand and 30 September 2023: KD 124,457 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 5.0% to 5.4% (31 December 2023: 5.8% to 14.7% and 30 September 2023: 6.6% to 15.0%). 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	1,723	(2,869)
(Disposal) purchase, net	(27,752)	24,213
As at 30 September	90,458	164,916

18 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 September 2024	2453.34	1.358
31 December 2023	1806.50	1.620
30 September 2023	1614.31	1.447
31 December 2022	1115.26	1.623