The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

30 September 2014 (Unaudited)
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF COMMERCIAL BANK OF KUWAIT K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of The Commercial Bank of Kuwait K.S.C.P. ("the Bank") and its subsidiary (together called "the Group") as of 30 September 2014 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank, and we have not become aware of any material violations of the Companies Law No. 25 of 2012, as amended, or of the Memorandum of Incorporation and Articles of Association of the Bank have occurred during the nine month period ended 30 September 2014 that might have had a material effect on the business of the Group or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business, and its related regulations.

Bader A. Al-Wazzan
License No. 62A
Deloitte & Touche
Al-Wazzan & Co.
12 October 2014

Dr. Shaab A. Shuaib
License No. 33A
RSM Albazie & Co.
The Commercial Bank of Kuwait Group

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 September 2014 (Unaudited)

<table>
<thead>
<tr>
<th>Note</th>
<th>30 September 2014</th>
<th>31 December 2013</th>
<th>30 September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KD 000's</td>
<td>KD 000's</td>
<td>KD 000's</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
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</tr>
<tr>
<td>Cash and short term funds</td>
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<td>436,620</td>
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<tr>
<td>Treasury and Central Bank bonds</td>
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<td>341,297</td>
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<tr>
<td>Due from banks and other financial institutions</td>
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<td>415,532</td>
<td>393,765</td>
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<tr>
<td>Loans and advances</td>
<td>7</td>
<td>2,339,415</td>
<td>2,316,998</td>
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<td>298,358</td>
<td>355,541</td>
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<td>Premises and equipment</td>
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<td>28,615</td>
<td>26,672</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>10</td>
<td>9,809</td>
<td>9,809</td>
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<tr>
<td>Other assets</td>
<td>11</td>
<td>22,541</td>
<td>48,770</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>3,893,463</td>
<td>3,929,472</td>
<td>3,886,310</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>5</td>
<td>793,179</td>
<td>685,607</td>
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<tr>
<td>Customer deposits</td>
<td>5</td>
<td>2,404,379</td>
<td>2,630,451</td>
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<td>Other liabilities</td>
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<td>116,434</td>
<td>50,507</td>
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<td><strong>TOTAL LIABILITIES</strong></td>
<td>3,313,992</td>
<td>3,366,565</td>
<td>3,333,953</td>
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<tr>
<td><strong>EQUITY</strong></td>
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<tr>
<td>Equity attributable to shareholders of the Bank</td>
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<td>141,194</td>
<td>127,202</td>
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<tr>
<td>Share capital</td>
<td>5</td>
<td>-</td>
<td>13,992</td>
</tr>
<tr>
<td>Proposed bonus shares</td>
<td>5</td>
<td>(3,881)</td>
<td>(4,018)</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>5</td>
<td>299,841</td>
<td>299,844</td>
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<tr>
<td>Reserves</td>
<td>5</td>
<td>141,269</td>
<td>115,940</td>
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<tr>
<td>Retained earnings</td>
<td>5</td>
<td>578,423</td>
<td>552,960</td>
</tr>
<tr>
<td>Proposed dividend</td>
<td>5</td>
<td>-</td>
<td>8,864</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>5</td>
<td>578,423</td>
<td>561,824</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>1,048</td>
<td>1,083</td>
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<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>579,471</td>
<td>562,907</td>
<td>552,357</td>
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<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>3,893,463</td>
<td>3,929,472</td>
<td>3,886,310</td>
</tr>
</tbody>
</table>

Ali Mousa M. Al Mousa  
Chairman

Elham Yousry Mahfouz  
Acting CEO

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.
## The Commercial Bank of Kuwait Group

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

Period ended 30 September 2014 (Unaudited)

<table>
<thead>
<tr>
<th>Note</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KD 000's</td>
<td>KD 000's</td>
<td>KD 000's</td>
<td>KD 000's</td>
</tr>
<tr>
<td>Interest income</td>
<td>27,379</td>
<td>26,543</td>
<td>81,297</td>
<td>78,756</td>
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<tr>
<td>Interest expense</td>
<td>(6,567)</td>
<td>(5,066)</td>
<td>(17,993)</td>
<td>(14,780)</td>
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<tr>
<td><strong>NET INTEREST INCOME</strong></td>
<td>20,812</td>
<td>21,477</td>
<td>63,304</td>
<td>63,976</td>
</tr>
<tr>
<td>Fees and commissions</td>
<td>7,759</td>
<td>7,769</td>
<td>23,134</td>
<td>22,236</td>
</tr>
<tr>
<td>Net gain from dealing in foreign currencies</td>
<td>1,411</td>
<td>678</td>
<td>4,017</td>
<td>2,730</td>
</tr>
<tr>
<td>Net gain from investment securities</td>
<td>2,286</td>
<td>418</td>
<td>6,602</td>
<td>2,104</td>
</tr>
<tr>
<td>(Loss) gain on disposal of assets pending sale</td>
<td>(120)</td>
<td>-</td>
<td>613</td>
<td>3,214</td>
</tr>
<tr>
<td>Dividend income</td>
<td>269</td>
<td>-</td>
<td>1,771</td>
<td>1,907</td>
</tr>
<tr>
<td>Share of result from an associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>512</td>
</tr>
<tr>
<td>Other operating income</td>
<td>327</td>
<td>259</td>
<td>871</td>
<td>847</td>
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<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>32,744</td>
<td>30,601</td>
<td>100,492</td>
<td>97,526</td>
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<tr>
<td>Staff expenses</td>
<td>(5,052)</td>
<td>(5,069)</td>
<td>(15,808)</td>
<td>(14,477)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(3,533)</td>
<td>(3,253)</td>
<td>(10,523)</td>
<td>(9,522)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(226)</td>
<td>(241)</td>
<td>(680)</td>
<td>(711)</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td>(8,811)</td>
<td>(8,563)</td>
<td>(27,011)</td>
<td>(24,710)</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT BEFORE PROVISIONS</strong></td>
<td>23,933</td>
<td>22,038</td>
<td>73,481</td>
<td>72,816</td>
</tr>
<tr>
<td>Impairment and other provisions</td>
<td>10</td>
<td>(11,219)</td>
<td>(22,013)</td>
<td>(46,974)</td>
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<tr>
<td><strong>PROFIT BEFORE TAXATION</strong></td>
<td>12,714</td>
<td>25</td>
<td>26,507</td>
<td>8,160</td>
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<tr>
<td>Taxation</td>
<td>(569)</td>
<td>9</td>
<td>(1,166)</td>
<td>(280)</td>
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<tr>
<td><strong>NET PROFIT FOR THE PERIOD</strong></td>
<td>12,145</td>
<td>34</td>
<td>25,341</td>
<td>7,880</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders of the Bank</td>
<td>12,144</td>
<td>-</td>
<td>25,334</td>
<td>7,734</td>
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<tr>
<td>Non-controlling interests</td>
<td>1</td>
<td>34</td>
<td>7</td>
<td>146</td>
</tr>
<tr>
<td><strong>Basic and diluted earnings per share attributable to shareholders of the Bank (fils)</strong></td>
<td>12,145</td>
<td>34</td>
<td>25,341</td>
<td>7,880</td>
</tr>
<tr>
<td>Note 1 to 15 form an integral part of this interim condensed consolidated financial information.</td>
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</table>
The Commercial Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Period ended 30 September 2014 (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September</th>
<th>Nine months ended 30 September</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td></td>
<td>2013 KD 000's</td>
<td>2013 KD 000's</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>12,145</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>25,341</td>
<td>7,880</td>
</tr>
<tr>
<td><strong>OTHER COMPREHENSIVE INCOME:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will be reclassified subsequently to consolidated statement of income:</td>
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<td></td>
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<tr>
<td>Changes in fair value of investment securities</td>
<td>6,945</td>
<td>4,644</td>
</tr>
<tr>
<td></td>
<td>(3,401)</td>
<td>(1,306)</td>
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<tr>
<td>Net loss on disposal / impairment of investment securities</td>
<td>(2,131)</td>
<td>(3,828)</td>
</tr>
<tr>
<td></td>
<td>(497)</td>
<td>(1,418)</td>
</tr>
<tr>
<td>Share of other comprehensive gain (loss) of an associate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>(1,829)</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</strong></td>
<td>4,814</td>
<td>816</td>
</tr>
<tr>
<td></td>
<td>(3,882)</td>
<td>(4,553)</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td>16,959</td>
<td>26,157</td>
</tr>
<tr>
<td>Shareholders of the Bank</td>
<td>(3,848)</td>
<td>3,327</td>
</tr>
<tr>
<td></td>
<td>16,951</td>
<td>26,147</td>
</tr>
<tr>
<td></td>
<td>(3,894)</td>
<td>3,175</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>46</td>
<td>152</td>
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<tr>
<td><strong>Attributable to:</strong></td>
<td>16,959</td>
<td>26,157</td>
</tr>
<tr>
<td>Shareholders of the Bank</td>
<td>(3,848)</td>
<td>3,327</td>
</tr>
</tbody>
</table>

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.
## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2014 (Unaudited)

<table>
<thead>
<tr>
<th>Proposed Treasury Property</th>
<th>Share Bonus</th>
<th>Treasury Share</th>
<th>Share Premium</th>
<th>Statutory Reserve</th>
<th>General Reserve</th>
<th>Treasury Shares Reserve</th>
<th>Property Revaluation Reserve</th>
<th>Investment Valuation Reserve</th>
<th>Total Reserves</th>
<th>Retained Earnings</th>
<th>Proposed Dividend</th>
<th>Total</th>
<th>Non-controlling Interests</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Capital</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Balance at 1 January 2013</td>
<td>127,202</td>
<td>-</td>
<td>(75)</td>
<td>66,791</td>
<td>63,601</td>
<td>17,927</td>
<td>45,603</td>
<td>22,999</td>
<td>92,746</td>
<td>309,667</td>
<td>115,262</td>
<td>552,056</td>
<td>966</td>
<td>553,022</td>
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<td>Total comprehensive income for the period</td>
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<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Reversal of revaluation surplus</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(782)</td>
<td>(782)</td>
<td>-</td>
<td>(782)</td>
<td>(782)</td>
<td>(782)</td>
<td>(782)</td>
</tr>
<tr>
<td>Treasury shares purchased</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(3,174)</td>
<td>(3,174)</td>
<td>(3,174)</td>
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</tr>
<tr>
<td>Dividend paid</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 30 September 2013</td>
<td>127,202</td>
<td>(3,249)</td>
<td>66,791</td>
<td>63,601</td>
<td>17,927</td>
<td>45,603</td>
<td>22,217</td>
<td>88,187</td>
<td>304,326</td>
<td>122,996</td>
<td>-</td>
<td>551,275</td>
<td>1,083</td>
<td>552,357</td>
</tr>
<tr>
<td>Balance at 1 January 2014</td>
<td>127,202</td>
<td>13,992</td>
<td>(4,018)</td>
<td>66,791</td>
<td>63,601</td>
<td>17,927</td>
<td>45,603</td>
<td>22,171</td>
<td>81,392</td>
<td>299,844</td>
<td>115,940</td>
<td>561,824</td>
<td>1,083</td>
<td>562,907</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td></td>
<td>-</td>
<td>(4,018)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Reversal of revaluation surplus</td>
<td></td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury shares purchased</td>
<td>-</td>
<td>(901)</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury shares sold</td>
<td>1,038</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>71</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>71</td>
<td>-</td>
<td>1,109</td>
<td>-</td>
<td>1,109</td>
</tr>
<tr>
<td>Bonus shares issued</td>
<td>13,992</td>
<td>(13,992)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(8,869)</td>
<td>(8,869)</td>
<td>(8,869)</td>
<td>(8,914)</td>
<td>(8,145)</td>
<td>-</td>
<td>(8,145)</td>
</tr>
<tr>
<td>Dividend on treasury shares sold</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(5)</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 30 September 2014</td>
<td>141,194</td>
<td>(3,881)</td>
<td>66,791</td>
<td>63,601</td>
<td>17,927</td>
<td>45,674</td>
<td>23,643</td>
<td>82,205</td>
<td>299,841</td>
<td>141,269</td>
<td>-</td>
<td>578,423</td>
<td>1,048</td>
<td>579,471</td>
</tr>
</tbody>
</table>

Annual General Assembly of the shareholders' held on 02 April 2014 approved to distribute cash dividend of 7 fils per share (2012: nil) and 11% bonus shares (2012: nil) for the year 2013. Subsequently the cash dividend was paid and the bonus shares increased the number of shares by 139,922,458 and share capital by KD 13,992 thousand.

Investment valuation reserve includes a loss of KD 5,448 thousand (31 December 2013: loss of KD 5,334 thousand) arising from foreign currency translation of the Bank's investment in a foreign associate.

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.
The Commercial Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Period ended 30 September 2014 (Unaudited)

<table>
<thead>
<tr>
<th>Note</th>
<th>KD 000's 2014</th>
<th>KD 000's 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>26,507</td>
<td>8,160</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment and other provisions 10</td>
<td>46,974</td>
<td>64,656</td>
</tr>
<tr>
<td>Income from investment securities</td>
<td>(8,373)</td>
<td>(4,011)</td>
</tr>
<tr>
<td>Foreign exchange (gain) on investment securities</td>
<td>(329)</td>
<td>(1,232)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>680</td>
<td>711</td>
</tr>
<tr>
<td>Share of results from an associate</td>
<td>-</td>
<td>(512)</td>
</tr>
<tr>
<td>Profit before changes in operating assets and liabilities</td>
<td>65,459</td>
<td>67,772</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury and Central Bank bonds</td>
<td>5,114</td>
<td>103,478</td>
</tr>
<tr>
<td>Due from banks and other financial institutions</td>
<td>(21,764)</td>
<td>(75,362)</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>(34,265)</td>
<td>(206,299)</td>
</tr>
<tr>
<td>Other assets</td>
<td>25,317</td>
<td>(10,823)</td>
</tr>
<tr>
<td>Due to banks and other financial institutions</td>
<td>107,572</td>
<td>(83,437)</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>(226,072)</td>
<td>288,439</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>33,690</td>
<td>13,250</td>
</tr>
<tr>
<td>Net cash (used in) from operating activities</td>
<td>(44,949)</td>
<td>97,018</td>
</tr>
</tbody>
</table>

| INVESTING ACTIVITIES | | |
| Proceeds from disposal of investment securities | 74,161 | 35,389 |
| Acquisition of investment securities | (13,260) | (32,199) |
| Dividend income from investment securities | 1,771 | 1,907 |
| Proceeds from disposal of premises and equipment | 37 | 75 |
| Acquisition of premises and equipment | (2,664) | (288) |
| Net cash from investing activities | 60,045 | 4,884 |

| FINANCING ACTIVITIES | | |
| Purchase of treasury shares | (901) | (3,174) |
| Proceeds from sale of treasury shares | 1,109 | - |
| Dividends paid | (8,869) | - |
| Dividend paid to non controlling interest | (45) | (36) |
| Net cash used in financing activities | (8,706) | (3,210) |

| Net increase in cash and short term funds | 6,390 | 98,692 |
| Cash and short term funds at 1 January | 436,620 | 253,765 |
| Cash and short term funds at 30 September | 443,010 | 352,457 |

The attached notes 1 to 15 form an integral part of this interim condensed consolidated financial information.
1 INCORPORATION AND REGISTRATION

The Commercial Bank of Kuwait K.S.C.P ("the Bank") is a public shareholding company incorporated in the State of Kuwait and is registered as a Bank with the Central Bank of Kuwait ("CBK") and listed on the Kuwait Stock Exchange ("KSE"). The address of the registered office of the Bank is P.O. Box 2861, 13029 Safat, State of Kuwait.

The Bank and its subsidiary are together referred to as "the Group" in this interim condensed consolidated financial information.

The interim condensed consolidated financial information of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 12 October 2014.

The new Companies Law issued on 26 November 2012 by Decree Law No. 25 of 2012 (the “Companies Law”), cancelled the Commercial Companies Law No. 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law No. 97 of 2013 (the Decree).

The Executive Regulations of the new amended law was issued on 29 September 2013 and was published in the official Gazette on 6 October 2013. As per article three of the executive regulations, the companies have one year from the date of publishing the executive regulations to comply with the new amended law.

2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2013 except for the adoption of the following new and amended standards issued and effective during the period:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 39: Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2014 did not have any material impact on the accounting policies, financial position or performance of the Group.
The interim condensed consolidated financial information does not include all the information and notes required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the Government of Kuwait for financial services institutions regulated by the CBK. These regulations require adoption of all IFRS except for the IAS 39 "Financial Instruments: Recognition and Measurement" requirement for collective provision, which has been replaced by the CBK’s requirement for a minimum general provision.

The policy of the Group for calculation of the impairment provisions for loans and advances complies in all material respects with the specific provision requirements of the CBK.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, refer to the consolidated financial statements included in the Group's annual report for the year ended 31 December 2013.

3 SUBSIDIARY

<table>
<thead>
<tr>
<th>Name of entity</th>
<th>Country of incorporation</th>
<th>Principal activities</th>
<th>% of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Union Securities Brokerage Company K.S.C (Closed)</td>
<td>Kuwait</td>
<td>Brokerage Services</td>
<td>80  80  80</td>
</tr>
</tbody>
</table>

Based on the approval from the Capital Markets Authority as on 7 January 2013 and the Ministry of Commerce as on 17 January 2013, the Bank has appointed a liquidator to liquidate "Al Tijari Investment Company K.S.C (Closed)". Accordingly, the net assets of the former subsidiary amounting to KD nil (31 December 2013: KD 3,149 thousand and 30 September 2013 KD 3,152 thousand) have been treated as non-current assets held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" and classified under other assets.

4 PROVISIONS NO LONGER REQUIRED

Under the terms of Law 41/93, provision no longer required as at 30 September 2014 amounted to KD 11 thousand (30 September 2013: KD 8 thousand). The ultimate amount to be ceded to the CBK will depend on the situation at the year end. The identification of provisions no longer required was made on a basis consistent with that adopted at 31 December 2013 and in accordance with the instructions of the CBK.

5 CASH AND SHORT TERM FUNDS

<table>
<thead>
<tr>
<th></th>
<th>30 September 2014 (Audited)</th>
<th>30 September 2013</th>
<th>30 September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KD 000's</td>
<td>KD 000's</td>
<td>KD 000's</td>
</tr>
<tr>
<td>Cash and cash items</td>
<td>99,489</td>
<td>65,789</td>
<td>52,723</td>
</tr>
<tr>
<td>Balances with the CBK</td>
<td>11,249</td>
<td>36,469</td>
<td>30,666</td>
</tr>
<tr>
<td>Deposits with banks maturing within seven days</td>
<td>332,272</td>
<td>334,362</td>
<td>269,068</td>
</tr>
<tr>
<td></td>
<td>443,010</td>
<td>436,620</td>
<td>352,457</td>
</tr>
</tbody>
</table>

Cash and short term funds are classified as "loans and receivables".
### 6 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

<table>
<thead>
<tr>
<th></th>
<th>30 September 2014 (KD 000's)</th>
<th>31 December 2013 (KD 000's)</th>
<th>30 September 2013 (KD 000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placements with banks</td>
<td>398,450</td>
<td>393,765</td>
<td>448,395</td>
</tr>
<tr>
<td>Loans and advances to banks</td>
<td>7,254</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts due from other financial institutions</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>415,704</td>
<td>393,765</td>
</tr>
<tr>
<td>Less : Provision for impairment</td>
<td>(172)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>415,532</td>
<td>393,765</td>
</tr>
</tbody>
</table>

Due from banks and other financial institutions are classified as "loans and receivables".

### 7 LOANS AND ADVANCES

Loans and advances are classified as "loans and receivables".

During the year 2013, the Ministry of Finance established the Family Support Fund (the "Fund") under Law No. 104/2013 to purchase outstanding balance of installment and consumer loans from the Banks as on 12 June 2013 for loans granted before 30 March 2008. Accordingly, CBK issued a Circular no. 2/BS,IS/305/2013 to all local banks and investment companies regarding formation of the Fund. The Bank has identified such loans amounted to KD 38,818 thousand and submitted report to CBK for approval, as required by the circular. Interest income on such loans is not recognised from 12 June 2013. At the reporting date, loans amounted to KD 17,371 thousand have been settled.

### 8 INVESTMENT SECURITIES

During the period, the Group recognised an unrealised gain of KD 4,644 thousand (30 September 2013: unrealised loss of KD 1,306 thousand) in the interim condensed consolidated statement of comprehensive income as arising from changes in fair value and re-cycled fair valuation changes of KD 3,828 thousand (30 September 2013: KD 1,418 thousand) to the interim condensed consolidated statement of income on disposal and impairment of "available for sale" investment securities.

Impairment loss of KD 3,956 thousand (30 September 2013: KD 8,112 thousand) was charged to the interim condensed consolidated statement of income.

The Bank acquired 221,425,059 shares at a cost of KD 94,103 thousand in the year 2009 under a transaction executed through the KSE where the counterparty subsequently failed to exercise their buyback option within the agreed time frame. During 2010, the Bank participated in the rights issue and acquired 127,058,530 shares at a cost of KD 32,401 thousand. During 2013 and 2014, the Bank received 127,058,530 shares at a cost of KD 32,401 thousand. The Bank has sold shares from the remaining lot and as at the reporting date, the Bank holds title for 382,766,598 shares carried at a fair value of KD 195,211 thousand (31 December 2013: 365,907,768 shares KD 204,908 thousand and 30 September 2013: 348,483,589 shares KD 209,090 thousand. On the basis of legal counsel, management believes that they have a meritorious defense and accordingly, the Bank has fair valued the investment and recognized the resultant fair valuation gain in the Investment Valuation Reserve.

### 9 INTEREST INCOME

Interest income includes a release of KD 224 thousand (30 September 2013: KD 183 thousand) due to adjustments arising from revised estimates of future cash flows, discounted at the original contracted rates of interest from a portfolio of performing loans that have had their terms modified during the year 2007, as per Central Bank circular 2/202BS RSA/2007 dated 13 February 2007 and 2/105 dated 23 April 2008.
10 IMPAIRMENT AND OTHER PROVISIONS

The following amounts were (charged) / released to the interim condensed consolidated statement of income during the period:

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September</th>
<th>Nine months ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 KD 000's</td>
<td>2013 KD 000's</td>
</tr>
<tr>
<td></td>
<td>2014 KD 000's</td>
<td>2013 KD 000's</td>
</tr>
<tr>
<td>Loans and advances - specific</td>
<td>(3,052)</td>
<td>(14,383)</td>
</tr>
<tr>
<td></td>
<td>(22,980)</td>
<td>(59,959)</td>
</tr>
<tr>
<td>Loans and advances - recoveries</td>
<td>14,587</td>
<td>18,155</td>
</tr>
<tr>
<td></td>
<td>6,511</td>
<td>8,556</td>
</tr>
<tr>
<td>Loans and advances - general</td>
<td>(12,486)</td>
<td>(15,617)</td>
</tr>
<tr>
<td></td>
<td>(9)</td>
<td>(1,412)</td>
</tr>
<tr>
<td>Investment securities</td>
<td>-</td>
<td>(3,956)</td>
</tr>
<tr>
<td></td>
<td>(3,100)</td>
<td>(8,112)</td>
</tr>
<tr>
<td>Non cash facilities</td>
<td>(232)</td>
<td>(497)</td>
</tr>
<tr>
<td></td>
<td>(377)</td>
<td>(670)</td>
</tr>
<tr>
<td>Other provisions</td>
<td>(10,036)</td>
<td>(30,676)</td>
</tr>
<tr>
<td></td>
<td>(2,058)</td>
<td>(3,059)</td>
</tr>
<tr>
<td></td>
<td>(11,219)</td>
<td>(46,974)</td>
</tr>
<tr>
<td></td>
<td>(22,013)</td>
<td>(64,656)</td>
</tr>
</tbody>
</table>

11 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the period attributable to shareholders of the Bank by the weighted average number of shares outstanding during the period.

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September</th>
<th>Nine months ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Net profit for the period attributable to shareholders of the Bank (KD 000's)</td>
<td>12,144</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>25,334</td>
<td>7,734</td>
</tr>
<tr>
<td>Weighted average of authorised and subscribed shares (numbers in 000's)</td>
<td>1,411,945</td>
<td>1,411,945</td>
</tr>
<tr>
<td></td>
<td>1,411,945</td>
<td>1,411,945</td>
</tr>
<tr>
<td>Less: Weighted average of treasury shares held (numbers in 000's)</td>
<td>(6,160)</td>
<td>(6,048)</td>
</tr>
<tr>
<td></td>
<td>(4,528)</td>
<td>(2,646)</td>
</tr>
<tr>
<td></td>
<td>1,405,785</td>
<td>1,405,897</td>
</tr>
<tr>
<td></td>
<td>1,409,299</td>
<td></td>
</tr>
<tr>
<td>Basic and diluted earnings per share attributable to shareholders of the Bank (fils)</td>
<td>8.6</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>18.0</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Basic and diluted earnings per share for the current and comparative period presented have been adjusted to reflect the effect of bonus shares issued subsequent to the reporting date.
12 RELATED PARTY TRANSACTIONS

During the period, certain related parties (directors and officers of the Group, their families and companies of which they are principal owners) were customers of the Group in the ordinary course of business. The terms of these transactions are approved by the Group's management. The balances at the date of interim condensed consolidated financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 September 2014</th>
<th>30 September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Directors/Executives</td>
<td>Number of Related Members</td>
</tr>
<tr>
<td>Board of Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Credit cards</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Executive Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Credit cards</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Deposits</td>
<td>13</td>
<td>2</td>
</tr>
</tbody>
</table>

The loans issued to directors, key management personnel and related members are repayable within 1 year and have interest rates of 0% (30 September 2013: 0%).

The detail of compensation for key management included in the interim condensed consolidated statement of income are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Nine months ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td>Salaries and other short-term benefits</td>
<td>(764)</td>
</tr>
<tr>
<td>Post employment benefits</td>
<td>(4)</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>(74)</td>
</tr>
</tbody>
</table>

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, saving accounts without a specific maturity and variable rate financial instruments.

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

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: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.
The Commercial Bank of Kuwait Group

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 September 2014 (Unaudited)

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>30 September 2014</th>
<th>KD 000's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Financial assets at fair value through statement of income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Financial Instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Foreign Exchange Contracts</td>
<td>445,042</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets available for sale:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>228,899</td>
<td>34,510</td>
</tr>
<tr>
<td>Debt securities</td>
<td>7,764</td>
<td>25,058</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>2,127</td>
</tr>
<tr>
<td></td>
<td>236,663</td>
<td>61,695</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>31 December 2013 (Audited)</th>
<th>KD 000's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Financial assets at fair value through statement of income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Financial Instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Foreign Exchange Contracts</td>
<td>614,652</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets available for sale:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>268,793</td>
<td>35,985</td>
</tr>
<tr>
<td>Debt securities</td>
<td>23,764</td>
<td>24,859</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>2,140</td>
</tr>
<tr>
<td></td>
<td>292,557</td>
<td>62,984</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>30 September 2013</th>
<th>KD 000's</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Financial assets at fair value through statement of income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Financial Instruments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward Foreign Exchange Contracts</td>
<td>615,840</td>
<td>-</td>
</tr>
<tr>
<td>Financial assets available for sale:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td>287,370</td>
<td>35,768</td>
</tr>
<tr>
<td>Debt securities</td>
<td>20,445</td>
<td>38,300</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>2,532</td>
</tr>
<tr>
<td></td>
<td>307,815</td>
<td>76,600</td>
</tr>
</tbody>
</table>

There were no transfers between level 1, level 2 and level 3 hierarchy.
14 SEGMENTAL ANALYSIS

The Group operates in banking, brokerage services and investment activities which are segmented between:

a) Corporate and Retail banking provides a full range of lending, deposit and related banking services to domestic and international corporate and individual customers.

b) Treasury and Investment banking comprises of money market, foreign exchange, treasury bonds, asset management and brokerage services.

<table>
<thead>
<tr>
<th>KD 000's</th>
<th>Corporate and Retail Banking</th>
<th>Treasury and Investment Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nine months ended 30 September</td>
<td>Nine months ended 30 September</td>
<td>Nine months ended 30 September</td>
</tr>
<tr>
<td>2014</td>
<td>2013</td>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Net interest income</td>
<td>57,169</td>
<td>58,117</td>
<td>6,135</td>
</tr>
<tr>
<td>Non interest income</td>
<td>24,329</td>
<td>24,974</td>
<td>12,859</td>
</tr>
<tr>
<td>Operating income</td>
<td>81,498</td>
<td>83,091</td>
<td>18,994</td>
</tr>
<tr>
<td>Impairment and other provisions</td>
<td>(12,270)</td>
<td>(54,520)</td>
<td>(34,704)</td>
</tr>
<tr>
<td>Net profit (loss) for the period</td>
<td>54,092</td>
<td>14,851</td>
<td>(28,751)</td>
</tr>
<tr>
<td>Assets</td>
<td>2,386,520</td>
<td>2,284,870</td>
<td>1,506,943</td>
</tr>
<tr>
<td>Liabilities &amp; Equity</td>
<td>1,604,628</td>
<td>1,546,195</td>
<td>2,288,835</td>
</tr>
</tbody>
</table>

15 OFF BALANCE SHEET ITEMS

(a) Financial instruments with contractual amounts

In the normal course of business the Group makes commitments to extend credit to customers. The contracted amounts represent the credit risk assuming that the amounts are fully advanced and that any collateral is of no value. The total contractual amount of the commitment does not necessarily represent the future cash requirement as in many cases these contracts terminate without being funded.

(i) Financial instruments with contractual amounts representing credit risk

<table>
<thead>
<tr>
<th>(Audited)</th>
<th>30 September</th>
<th>31 December</th>
<th>30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014 KD 000's</td>
<td>2013 KD 000's</td>
<td>2013 KD 000's</td>
</tr>
<tr>
<td>Acceptances</td>
<td>64,990</td>
<td>56,243</td>
<td>34,632</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>151,675</td>
<td>139,609</td>
<td>164,640</td>
</tr>
<tr>
<td>Letters of guarantee</td>
<td>950,782</td>
<td>869,308</td>
<td>860,783</td>
</tr>
<tr>
<td>Others</td>
<td>34,660</td>
<td>34,753</td>
<td>35,736</td>
</tr>
<tr>
<td>Total</td>
<td>1,202,107</td>
<td>1,099,913</td>
<td>1,095,791</td>
</tr>
</tbody>
</table>
(ii) Financial instruments with contractual or notional amounts that are subject to credit risk

<table>
<thead>
<tr>
<th>30 September 2014</th>
<th>Positive Fair Value</th>
<th>Negative Fair Value</th>
<th>Notional Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange contracts - forward</td>
<td>976</td>
<td>16,562</td>
<td>445,042</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>31 December 2013 (Audited)</th>
<th>Positive KD 000's</th>
<th>Negative KD 000's</th>
<th>Notional Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange contracts - forward</td>
<td>8,346</td>
<td>1,617</td>
<td>614,652</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>30 September 2013</th>
<th>Positive KD 000's</th>
<th>Negative KD 000's</th>
<th>Notional Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange contracts - forward</td>
<td>17,175</td>
<td>1,314</td>
<td>615,840</td>
</tr>
</tbody>
</table>

The amount subject to credit risk is insignificant and is limited to the current replacement value of instruments, which is only a fraction of the contractual or notional amounts used to express the volumes outstanding.

(b) Legal claims

At the reporting date certain legal claims existed against the Group for which KD 2,139 thousand (31 December 2013: KD 2,037 thousand and 30 September 2013: KD 2,014 thousand) have been provided.