



# FINANCIAL STATEMENTS

Interim Condensed Consolidated  
Financial Information (Unaudited)

31 March 2015

- 
- 1 Auditors' Review Report to the Board of Directors
  - 2 Interim Condensed Consolidated Statement of Financial Position
  - 3 Interim Condensed Consolidated Income Statement
  - 4 Interim Condensed Consolidated Statement of Comprehensive Income
  - 5 Interim Condensed Consolidated Statement of Changes in Shareholders' Equity
  - 6 Interim Condensed Consolidated Statement of Cash Flows
  - 7 Notes to the Interim Condensed Consolidated Financial Information

# Interim Condensed Consolidated Statement of Financial Position (Unaudited)

As at 31 March 2015

	Notes	31 March 2015 (KD'000s)	(Audited) 31 December 2014 (KD'000s)	31 March 2014 (KD'000s)
<b>ASSETS</b>				
Cash and balances with banks		163,933	144,825	270,177
Kuwait Government treasury bonds		272,086	279,831	255,959
Central Bank of Kuwait bonds		185,248	221,228	255,585
Loans and advances		2,525,685	2,422,297	2,322,039
Investment securities	11	338,882	345,011	306,880
Investment in an associate		15,456	14,865	14,048
Other assets		41,655	37,156	38,323
Premises and equipment		34,307	33,826	30,655
<b>TOTAL ASSETS</b>		<b>3,577,252</b>	<b>3,499,039</b>	<b>3,493,666</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>LIABILITIES</b>				
Due to banks and other financial institutions		884,812	923,752	733,531
Customers' deposits		2,059,354	1,938,297	2,153,559
Other liabilities		86,915	78,642	75,062
<b>TOTAL LIABILITIES</b>		<b>3,031,081</b>	<b>2,940,691</b>	<b>2,962,152</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		161,917	161,917	161,917
Share premium		108,897	108,897	108,897
Treasury shares	3	(2,601)	(2,303)	(2,295)
Reserves		277,958	268,851	262,995
Proposed dividend	3	–	20,986	–
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>546,171</b>	<b>558,348</b>	<b>531,514</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,577,252</b>	<b>3,499,039</b>	<b>3,493,666</b>



Talal Mohamed Reza Behbehani  
Chairman



Michel Accad  
Chief Executive Officer

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

## Interim Condensed Consolidated Income Statement (Unaudited)

For the period ended 31 March 2015

	Notes	Three months ended 31 March	
		2015 (KD'000s)	2014 (KD'000s)
Interest income		29,383	26,589
Interest expense		(7,402)	(5,524)
<b>NET INTEREST INCOME</b>		<b>21,981</b>	<b>21,065</b>
Net fees and commission income		6,469	5,811
Net foreign exchange gain		470	619
Net (loss) gain on investment securities		(131)	608
Dividend income		1,467	974
Share of results from an associate		591	439
Other income		158	312
<b>OPERATING INCOME</b>		<b>31,005</b>	<b>29,828</b>
Staff expenses		(5,628)	(5,440)
Other operating expenses and depreciation		(3,544)	(3,258)
<b>OPERATING EXPENSES</b>		<b>(9,172)</b>	<b>(8,698)</b>
<b>OPERATING PROFIT FOR THE PERIOD BEFORE PROVISION / IMPAIRMENT LOSSES</b>		<b>21,833</b>	<b>21,130</b>
Provision / impairment losses	4	(11,892)	(12,559)
<b>PROFIT FOR THE PERIOD BEFORE TAXATION</b>		<b>9,941</b>	<b>8,571</b>
Taxation	5	(884)	(445)
<b>NET PROFIT FOR THE PERIOD</b>		<b>9,057</b>	<b>8,126</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	6	<b>6 fils</b>	<b>5 fils</b>

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the period ended 31 March 2015

	Three months ended 31 March	
	2015 (KD'000s)	2014 (KD'000s)
<b>NET PROFIT FOR THE PERIOD</b>	<b>9,057</b>	<b>8,126</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to income statement:</i>		
Effect of changes in fair values of investments available for sale	(765)	4,161
Net gain on sale / impairment losses on investments available for sale	772	(515)
Exchange difference on translation of foreign operations	40	3
<b>Other comprehensive income for the period</b>	<b>47</b>	<b>3,649</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>9,104</b>	<b>11,775</b>

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

## For the period ended 31 March 2015

	Reserves												
	Share capital (KD'000s)	Share premium (KD'000s)	Treasury shares (KD'000s)	Statutory reserve (KD'000s)	General reserve (KD'000s)	Treasury shares reserve (KD'000s)	Cumulative changes in fair value (KD'000s)	Property revaluation surplus (KD'000s)	Foreign currency translation reserve (KD'000s)	Retained earnings (KD'000s)	Total reserves (KD'000s)	Proposed dividend (KD'000s)	Total (KD'000s)
Balance as at 1 January 2015	161,917	108,897	(2,303)	64,588	64,141	8,065	23,314	8,250	49	100,444	268,851	20,986	558,348
Net profit for the period	-	-	-	-	-	-	-	-	-	9,057	9,057	-	9,057
Other comprehensive income for the period	-	-	-	-	-	-	7	28	12	-	47	-	47
Total comprehensive income for the period	-	-	-	-	-	-	7	28	12	9,057	9,104	-	9,104
Dividends paid (Note 3)	-	-	-	-	-	-	-	-	-	-	-	(20,983)	(20,983)
Dividends on treasury shares	-	-	-	-	-	-	-	-	-	3	3	(3)	-
Treasury shares purchased	-	-	(298)	-	-	-	-	-	-	-	-	-	(298)
<b>Balance as at 31 March 2015</b>	<b>161,917</b>	<b>108,897</b>	<b>(2,601)</b>	<b>64,588</b>	<b>64,141</b>	<b>8,065</b>	<b>23,321</b>	<b>8,278</b>	<b>61</b>	<b>109,504</b>	<b>277,958</b>	<b>-</b>	<b>546,171</b>
Balance as at 1 January 2014	161,917	108,897	(2,188)	60,619	60,172	8,065	24,573	6,018	(9)	91,779	251,217	20,989	540,832
Net profit for the period	-	-	-	-	-	-	-	-	-	8,126	8,126	-	8,126
Other comprehensive income (expense) for the period	-	-	-	-	-	-	3,646	(1)	4	-	3,649	-	3,649
Total comprehensive income (expense) for the period	-	-	-	-	-	-	3,646	(1)	4	8,126	11,775	-	11,775
Dividends paid (Note 3)	-	-	-	-	-	-	-	-	-	-	-	(20,986)	(20,986)
Dividends on treasury shares	-	-	-	-	-	-	-	-	-	3	3	(3)	-
Treasury shares purchased	-	-	(107)	-	-	-	-	-	-	-	-	-	(107)
<b>Balance as at 31 March 2014</b>	<b>161,917</b>	<b>108,897</b>	<b>(2,295)</b>	<b>60,619</b>	<b>60,172</b>	<b>8,065</b>	<b>28,219</b>	<b>6,017</b>	<b>(5)</b>	<b>99,908</b>	<b>262,995</b>	<b>-</b>	<b>531,514</b>

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

# Interim Condensed Consolidated Statement of Cash Flows (Unaudited)

## For the period ended 31 March 2015

	Note	Three months ended 31 March	
		2015 (KD'000s)	2014 (KD'000s)
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		9,057	8,126
Adjustments for:			
Net loss (gain) on sale of investments available for sale		62	(539)
Dividend income		(1,467)	(974)
Share of results from an associate		(591)	(439)
Depreciation		326	349
Provision / impairment losses	4	11,892	12,559
<b>Operating profit before changes in operating assets and liabilities</b>		<b>19,279</b>	<b>19,082</b>
<b>Changes in operating assets and liabilities</b>			
Deposits with banks		7,454	(4,017)
Kuwait Government treasury bonds		7,745	(28,286)
Central Bank of Kuwait bonds		35,980	(8,169)
Investments at fair value through profit or loss		6,428	(7,946)
Loans and advances		(112,936)	(145,734)
Other assets		(4,003)	(3,509)
Due to banks and other financial institutions		(38,940)	94,361
Customers' deposits		121,057	206,243
Other liabilities		6,639	9,811
<b>Net cash flows from operating activities</b>		<b>48,703</b>	<b>131,836</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments available for sale		(7,177)	(59,420)
Proceeds from sale of investments available for sale		5,618	16,317
Net purchase of premises and equipment		(779)	(379)
Dividend income received		1,467	974
<b>Net cash flows used in investing activities</b>		<b>(871)</b>	<b>(42,508)</b>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(20,983)	(20,986)
Purchase of treasury shares		(298)	(107)
<b>Net cash flows used in financing activities</b>		<b>(21,281)</b>	<b>(21,093)</b>
Foreign currency translation difference		12	4
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>26,563</b>	<b>68,239</b>
Cash and cash equivalents as at 1 January		95,404	154,086
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>		<b>121,967</b>	<b>222,325</b>
<b>Cash and cash equivalents comprise:</b>			
Balances with the Central Bank of Kuwait		3,498	103,366
Cash in hand and in current account with other banks		67,765	54,589
Deposits with banks with original maturity up to thirty days		50,704	64,370
		121,967	222,325

The attached notes 1 to 11 form part of the interim condensed consolidated financial information.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

## 31 March 2015

### 1 ACTIVITIES

Al Ahli Bank of Kuwait K.S.C.P. ("the Bank") is a public shareholding company incorporated in Kuwait on 23 May 1967, and is registered as a Bank with the Central Bank of Kuwait. Its registered office is at Al Safat Square, Ahmed Al Jaber Street, Kuwait City. It is engaged in banking, primarily in Kuwait and in the United Arab Emirates.

The Bank has a subsidiary, Ahli Capital Investment Company K.S.C. (Closed) ("the Subsidiary") which is engaged in investment management and advisory activities, regulated by the Capital Markets Authority, Kuwait.

The interim condensed consolidated financial information of the Bank and its Subsidiary (collectively "the Group") were approved by the Bank's Board of Directors on 14 April 2015.

### 2 BASIS OF PRESENTATION

(a) The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" except as noted below.

The annual consolidated financial statements for the year ended 31 December 2014, were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision.

(b) The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 July 2014 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

(c) The interim condensed consolidated financial information does not contain all information and disclosures required for full 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 2014. Further, results for the three months period ended 31 March 2015, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

### 3 SHARE CAPITAL AND RESRVES

(a) The shareholders at the Annual General Meeting held on 21 March 2015 approved the distribution of cash dividend of 13 per cent amounting to KD 20,986 thousand for the year ended 31 December 2014 which was paid subsequently (31 December 2013: cash dividend of 13 per cent amounting to KD 20,989). Treasury shares are not entitled to any cash dividends.

(b) As at 31 March 2015, the Bank held 5,644,566 (31 December 2014: 4,862,229 and 31 March 2014: 4,590,449) of its own shares equivalent to 0.35 % (December 2014: 0.30 % and March 2014: 0.30 %) of the total issued share capital at the reporting date. The market value of these shares as at 31 March 2015 amounted to KD 2,060 thousand (31 December 2014: KD 1,994 thousand and 31 March 2014: KD 2,179 thousand ) and the weighted average market value per share is 386 fils ( 31 December 2014: 426 fils and 31 March 2014: 427 fils)



# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

## 31 March 2015

### 4 PROVISION / IMPAIRMENT LOSSES

	Three months ended 31 March	
	2015 (KD'000s)	2014 (KD'000s)
Credit facilities	11,182	12,285
Investments available for sale	710	24
Others	–	250
	<b>11,892</b>	<b>12,559</b>

### 5 TAXATION

	Three months ended 31 March	
	2015 (KD'000s)	2014 (KD'000s)
Kuwait Foundation for the Advancement of Sciences	85	77
National Labour Support Tax	237	213
Zakat	95	85
Tax on overseas branches	467	70
	<b>884</b>	<b>445</b>

### 6 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing the net profit for the period by the weighted average number of shares outstanding during the period, calculated as follows:

	Three months ended 31 March	
	2015	2014
Net profit for the period (KD'000s)	9,057	8,126
Weighted average number of the Bank's issued and paid-up shares	1,619,166,234	1,619,166,234
Less: weighted average number of treasury shares	(4,984,376)	(4,688,643)
Adjusted weighted average number of shares outstanding during the period	1,614,181,858	1,614,477,591
Basic and diluted earnings per share	6 fils	5 fils

## 7 SEGMENTAL INFORMATION

The Group is organised into segments that engage in business activities which earn revenue and incur expenses. These segments are regularly reviewed by the chief operating decision maker for resource allocation and performance assessment. For the purposes of segment reporting the management has grouped the products and services into the following operating segments:

- Commercial Banking – Comprising a full range of credit, deposit and related banking services provided to its commercial customers.
- Treasury and Investment – Comprising money market, foreign exchange, treasury bonds, asset and surplus fund management, investment securities and investment in an associate.

Operating income includes operating revenue directly attributable to a segment. Segment results include revenue and expenses directly attributable to a segment. Segment assets comprise those operating assets that are directly attributable to the segment.

Segmental information for the three months period ended 31 March is as follows:

	Commercial Banking		Treasury and Investment		Total	
	2015 (KD'000s)	2014 (KD'000s)	2015 (KD'000s)	2014 (KD'000s)	2015 (KD'000s)	2014 (KD'000s)
Operating income	27,445	24,060	3,560	5,768	31,005	29,828
Segment result	11,153	7,476	3,045	5,396	14,198	12,872
Unallocated expenses					(4,257)	(4,301)
Profit before tax					9,941	8,571
Segmental assets	2,670,518	2,432,063	830,772	992,625	3,501,290	3,424,688
Unallocated assets					75,962	68,978
Total assets					3,577,252	3,493,666

## 8 RELATED PARTY TRANSACTIONS

These represent transactions with certain related parties (directors and senior management of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence and associate of the Group) who were customers of the Group during the period. The terms of these transactions are approved by the Group's management.

In the normal course of business, these related parties have deposits with the Bank and credit facilities granted to them by the Bank. The balances included in the interim condensed consolidated financial information are as follows:

	31 March 2015 (KD'000s)	(Audited) 31 December 2014 (KD'000s)	31 March 2014 (KD'000s)
Loans and advances	9,376	9,651	14,376
Deposits	7,836	8,456	10,149
Managed funds	84	85	91
Commitment and contingent liabilities	2,038	2,038	2,472

Interest income and interest expense includes KD 85 thousand (31 March 2014: KD 139 thousand) and KD 17 thousand (31 March 2014: KD 51 thousand) respectively on transactions with related parties.

# Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

## 31 March 2015

### 8 RELATED PARTY TRANSACTIONS (continued)

#### Key management compensation

Compensation for key management is as follows:

	Three months ended 31 March	
	2015 (KD'000s)	2014 (KD'000s)
Salaries and other benefits	545	532
Post employment benefits	28	33
	573	565

### 9 COMMITMENTS AND CONTINGENT LIABILITIES

Financial instruments with contractual amounts representing credit risk.

	31 March 2015 (KD'000s)	(Audited) 31 December 2014 (KD'000s)	31 March 2014 (KD'000s)
Acceptances	27,856	21,459	30,938
Letters of credit	228,368	231,567	223,296
Guarantees	663,417	628,149	661,981
	919,641	881,175	916,215

Total commitments to extend credit at the statement of financial position date amounted to KD 391,166 thousand (31 December 2014: KD 352,453 thousand and 31 March 2014: KD 193,726 thousand).

### 10 DERIVATIVE INSTRUMENTS

The notional or contractual amounts of outstanding derivative instruments together with the fair values are as follows:

	31 March 2015			[Audited] 31 December 2014			31 March 2014		
	Assets (KD'000s)	Liabilities (KD'000s)	Contractual amounts (KD'000s)	Assets (KD'000s)	Liabilities (KD'000s)	Contractual amounts (KD'000s)	Assets (KD'000s)	Liabilities (KD'000s)	Contractual amounts (KD'000s)
<b>Held for hedging:</b>									
Fair value hedges									
Interest rate swaps	50	1,119	92,168	257	492	83,293	344	469	63,743
<b>Held for trading:</b>									
Forward foreign exchange contracts	510	4,068	172,268	334	2,142	175,910	340	21	129,260
Interest rate swaps	–	5,812	88,883	–	3,264	88,883	374	301	88,883
	560	10,999	353,319	591	5,898	348,086	1,058	791	281,886

All derivative contracts are fair valued using observable market inputs and are classified as level 2.

## 11 FAIR VALUE OF FINANCIAL INSTRUMENTS

### Financial Instruments

Financial Instruments comprise of financial assets and financial liabilities. The fair value of financial instruments are categorised as under:

#### Investment securities

	31 March 2015 (KD'000s)	(Audited) 31 December 2014 (KD'000s)	31 March 2014 (KD'000s)
Level 1:			
Equity	10,566	10,267	10,714
Debt securities	190,507	192,017	207,596
Level 2:			
Equity	22,892	22,887	25,841
Debt securities	47,230	46,939	11,746
Managed funds	44,907	49,519	29,031
Level 3:			
Equity	22,780	23,382	18,452
Debt securities	–	–	3,500
	<b>338,882</b>	<b>345,011</b>	<b>306,880</b>

The movements in Level 3 category above is mainly due to sale during the period.

Fair values of all financial instruments are not materially different from their carrying values.

The impact on the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of shareholders' equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5 per cent.

# Auditors' Review Report to the Board of Directors



## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AL AHLI BANK OF KUWAIT K.S.C.P.

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Ahli Bank of Kuwait K.S.C.P. (the "Bank") and its subsidiary (collectively "the Group") as at 31 March 2015 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in shareholders' equity and interim condensed consolidated statement of cash flows for the three 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 presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

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

### Conclusion

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

### Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulation, or of the Bank's Articles of Association and Memorandum of Incorporation during the three months period ended 31 March 2015 that might have had a material effect on the business of the Bank or on its financial position.

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 organisation of banking business, and its related regulations, during the three months period ended 31 March 2015 that might have had a material effect on the business of the Bank or on its financial position.

WALEED A. AL OSAIMI  
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DELOITTE & TOUCHE  
(AL WAZZAN & CO.)

14 April 2015  
Kuwait

**Al Ahli Bank of Kuwait K.S.C.P.**

Established in the State of Kuwait

By Amiri Decree on 23 May 1967

Paid Up Capital as at 31 Dec 2014: KD 161,916,623.400

Commercial Register: 3705

Telex: 22067, 23256, 23257

Reuters: AHLK

SWIFT: ABKK-KW-KW

Cable: AHLIBANK-KUWAIT

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