



**Kuwait International Bank K.S.C.P. and its Subsidiary
State of Kuwait**

**Interim Condensed Consolidated Financial Information
30 September 2016 (Unaudited)**

I N D E X

Page

Independent Auditors' Report on Review of Interim Condensed Consolidated Financial Information	1 - 2
Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)	3
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)	4
Interim Condensed Consolidated Statement of Financial Position (Unaudited)	5
Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)	6
Interim Condensed Consolidated Statement of Cash Flows (Unaudited)	7
Notes to the Interim Condensed Consolidated Financial Information (Unaudited)	8 - 13



Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–21st Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
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 INTERNATIONAL BANK K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait International Bank K.S.C.P. (the “Bank”) and its subsidiary (together the “Group”) as at 30 September 2016, and the related interim condensed consolidated statements of profit or loss and profit or loss and other 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 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 condensed consolidated 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.

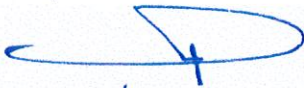
Report on Other Legal and Regulatory Requirements

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. 1 of 2016, and its Executive Regulations, or of the Bank’s Memorandum of Incorporation and Articles of Association, as amended, during the nine months period ended 30 September 2016 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 INTERNATIONAL BANK 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 material violations of the provisions of Law No. 32 of 1968, as amended and its Executive Regulations, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the nine months period ended 30 September 2016 that might have had a material effect on the business of the Bank or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS



BADER A. AL-WAZZAN
LICENCE NO. 62A
DELOITTE & TOUCHE
AL-WAZZAN & CO.

5 October 2016
Kuwait

Kuwait International Bank K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

Period ended 30 September 2016

KD 000's

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i> 2016	<i>30 September</i> 2015	<i>30 September</i> 2016	<i>30 September</i> 2015
Financing income		18,007	14,641	52,284	43,382
Finance costs and estimated distribution to depositors	3	(5,268)	(4,079)	(15,435)	(11,020)
Net financing income		12,739	10,562	36,849	32,362
Fees and commission income		1,858	1,615	6,411	6,502
Net gain from foreign exchange		194	169	587	674
Investment income		325	37	1,665	4,501
Other income		98	79	1,121	616
TOTAL OPERATING INCOME		15,214	12,462	46,633	44,655
Staff costs		(4,064)	(3,490)	(11,524)	(10,416)
General and administrative expenses		(3,575)	(3,113)	(8,977)	(7,073)
Depreciation		(496)	(519)	(1,492)	(1,536)
TOTAL OPERATING EXPENSES		(8,135)	(7,122)	(21,993)	(19,025)
Profit from operations before provisions and impairment losses		7,079	5,340	24,640	25,630
Provisions and impairment losses		(5,485)	(3,944)	(10,528)	(13,265)
PROFIT FROM OPERATIONS		1,594	1,396	14,112	12,365
Provision for:					
Contribution Kuwait Foundation for the Advancement of Sciences (KFAS)		(15)	(13)	(129)	(115)
Contribution National Labor Support Tax (NLST)		(46)	(31)	(339)	(301)
Contribution Zakat		(19)	(15)	(141)	(124)
PROFIT FOR THE PERIOD		1,514	1,337	13,503	11,825
<i>Attributable to:</i>					
Shareholders of the Bank		1,501	1,319	13,477	11,754
Non-controlling interests		13	18	26	71
		1,514	1,337	13,503	11,825
Basic and diluted earnings per share attributable to shareholders of the Bank	4	1.61 fils	1.41 fils	14.43 fils	12.59 fils

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

Kuwait International Bank K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

Period ended 30 September 2016

KD 000's

	<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>
	2016	2015	2016	2015
Profit for the period	1,514	1,337	13,503	11,825
Other comprehensive income/(loss)				
<i>Items to be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods</i>				
Financial assets available for sale:				
- Change in fair values	143	(2,044)	(2,763)	(1,831)
- Transfer to interim condensed consolidated statement of profit or loss on impairment	-	113	95	119
- Transfer to interim condensed consolidated statement of profit or loss on sale	(2)	45	271	(417)
Other comprehensive income/(loss) for the period	141	(1,886)	(2,397)	(2,129)
Total comprehensive income/(loss) for the period	1,655	(549)	11,106	9,696
Attributable to:				
Shareholders of the Bank	1,639	(552)	11,076	9,669
Non-controlling interests	16	3	30	27
Total comprehensive income/(loss) for the period	1,655	(549)	11,106	9,696

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

Kuwait International Bank K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

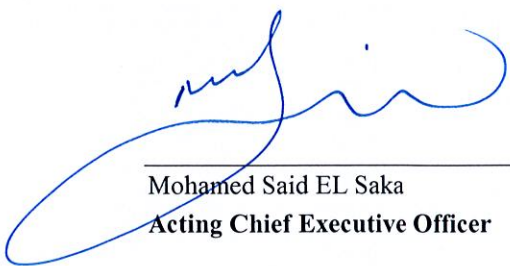
(UNAUDITED)

As at 30 September 2016

		<i>KD 000's</i>		
	<i>Notes</i>	30 September 2016	<i>31 December 2015 (Audited)</i>	<i>30 September 2015</i>
ASSETS				
Cash and balances with banks		19,321	15,904	21,152
Due from banks	5	415,212	457,599	442,118
Financing receivables		1,250,400	1,173,377	1,137,428
Investment securities		69,747	64,731	61,999
Investment in associates		1,532	3,935	3,935
Investment properties		40,264	40,353	37,944
Other assets		10,620	8,151	9,207
Property and equipment		25,768	25,997	25,183
TOTAL ASSETS		1,832,864	1,790,047	1,738,966
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and financial institutions	6	426,550	483,958	426,979
Depositors' accounts		1,117,816	1,018,050	1,031,091
Other liabilities		37,991	40,235	38,787
TOTAL LIABILITIES		1,582,357	1,542,243	1,496,857
EQUITY				
Share capital		103,732	103,732	103,732
Share premium		49,480	49,480	49,480
Treasury shares		(45,234)	(45,234)	(45,234)
Other reserves		139,348	136,675	130,982
Attributable to shareholders of the Bank		247,326	244,653	238,960
Non-controlling interests		3,181	3,151	3,149
TOTAL EQUITY		250,507	247,804	242,109
TOTAL LIABILITIES AND EQUITY		1,832,864	1,790,047	1,738,966



 Sheikh Mohammed Jarrah Al-Sabah
 Chairman



 Mohamed Said EL Saka
 Acting Chief Executive Officer

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

Kuwait International Bank K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 September 2016

	<i>Attributable to shareholders of the Bank</i>											<i>KD 000's</i>	
	<i>Other reserves</i>										<i>Non-controlling interests</i>	<i>Total equity</i>	
	<i>Share capital</i>	<i>Share premium</i>	<i>Treasury shares</i>	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Treasury shares reserve</i>	<i>Retained earnings</i>	<i>Fair valuation reserve</i>	<i>Revaluation surplus</i>	<i>Total other reserves</i>			<i>Total</i>
Balance as at 1 January 2016	103,732	49,480	(45,234)	30,800	24,717	4,846	43,305	16,093	16,914	136,675	244,653	3,151	247,804
Profit for the period	-	-	-	-	-	-	13,477	-	-	13,477	13,477	26	13,503
Other comprehensive (loss)/income	-	-	-	-	-	-	-	(2,401)	-	(2,401)	(2,401)	4	(2,397)
Total comprehensive income/(loss)	-	-	-	-	-	-	13,477	(2,401)	-	11,076	11,076	30	11,106
Dividends (Note 7)	-	-	-	-	-	-	(8,403)	-	-	(8,403)	(8,403)	-	(8,403)
Balance as at 30 September 2016	103,732	49,480	(45,234)	30,800	24,717	4,846	48,379	13,692	16,914	139,348	247,326	3,181	250,507
Balance as at 1 January 2015	103,732	49,480	(45,234)	29,081	22,998	4,846	38,464	17,739	16,588	129,716	237,694	3,122	240,816
Profit for the period	-	-	-	-	-	-	11,754	-	-	11,754	11,754	71	11,825
Other comprehensive loss	-	-	-	-	-	-	-	(2,085)	-	(2,085)	(2,085)	(44)	(2,129)
Total comprehensive income/(loss)	-	-	-	-	-	-	11,754	(2,085)	-	9,669	9,669	27	9,696
Dividends (Note 7)	-	-	-	-	-	-	(8,403)	-	-	(8,403)	(8,403)	-	(8,403)
Balance as at 30 September 2015	103,732	49,480	(45,234)	29,081	22,998	4,846	41,815	15,654	16,588	130,982	238,960	3,149	242,109

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

Kuwait International Bank K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 30 September 2016

	<i>KD 000's</i>	
	<i>Nine months ended</i>	
	<i>30 September</i>	
<i>Note</i>	<i>2016</i>	<i>2015</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	13,503	11,825
Adjustments for:		
Net gain from foreign exchange	(587)	(674)
Dividend income	(954)	(1,238)
Realised loss/(gain) from sale of investment securities	238	(232)
Rental income from investment properties	(977)	(991)
Gain on sale of an associate	(7)	-
Share of results from an associate	-	(60)
Gain on sale of investment properties	-	(1,969)
Depreciation	1,492	1,536
Provisions and impairment losses	10,528	13,265
	23,236	21,462
<i>Changes in operating assets and liabilities:</i>		
Due from banks	17,035	(73,605)
Financing receivables	(86,510)	(71,837)
Other assets	(59)	132
Due to banks and financial institutions	(57,408)	31,560
Depositors' accounts	99,766	42,347
Other liabilities	(1,643)	475
Net cash used in operating activities	(5,583)	(49,466)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(31,841)	(7,547)
Proceeds on sale of investments securities	23,033	4,220
Purchase of investment properties	-	(2,131)
Proceeds on sale of investment properties	-	2,000
Purchase of property and equipment	(1,174)	(1,647)
Dividend income received	954	1,238
Rental income received	977	991
Net cash used in investing activities	(8,051)	(2,876)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(8,301)	(8,295)
Net cash used in financing activities	(8,301)	(8,295)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(21,935)	(60,637)
Cash and cash equivalents at beginning of period	396,877	430,178
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	374,942
		369,541

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

Kuwait International Bank K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
30 September 2016

1. INCORPORATION AND ACTIVITIES

Kuwait International Bank K.S.C.P. (the “Bank”) is a Kuwaiti public shareholding company incorporated in the State of Kuwait on 13 May 1973 as a specialised bank and is regulated by the Central Bank of Kuwait (the “CBK”). The Bank’s shares are listed on the Kuwait Stock Exchange.

In June 2007, the CBK licensed the Bank to operate as an Islamic bank from 1 July 2007. From that date, all activities are conducted in accordance with Islamic Shariaá, as approved by the Bank’s Fatwa and Shariaá Supervisory Board.

The Bank is engaged principally in providing Islamic banking services, the purchase and sale of properties, leasing, and other trading activities. Trading activities are conducted on the basis of purchasing various commodities and selling them on murabaha at agreed profit margin which can be settled in cash or on installment credit basis.

The registered office of the Bank is at West Tower - Joint Banking Center, P.O. Box 22822, Safat 13089, Kuwait.

The Bank owns 73.6% of issued share capital of Ritaj Takaful Insurance Company K.S.C.C. (“Ritaj”), Kuwait. Ritaj is engaged in providing sharia’a compliant insurance services.

The new Companies Law No. 1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No. 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

The interim condensed consolidated financial information of the Bank and its subsidiary (together the “Group”) for the period ended 30 September 2016 were authorized for issue by the Bank’s Board of Directors on 5 October 2016.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

This interim condensed consolidated financial information 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 2015 which are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted in the State of Kuwait for financial institutions regulated by the CBK. These regulations require adoption of all IFRS except for the IAS 39 requirement for collective impairment provision, which has been replaced by CBK’s requirement for a minimum general provision.

The interim condensed consolidated financial information are presented in Kuwaiti Dinars (KD) which is the functional currency of the Bank and Ritaj, rounded to the nearest thousand (000’s), except when otherwise stated.

This interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with the IFRS. For more details, please refer to the audited consolidated financial statements for the year ended 31 December 2015. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Furthermore, results for the period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2016 did not have any material impact on the accounting policies, financial position or performance of the Group.

Kuwait International Bank K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
30 September 2016

3. FINANCE COSTS 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 2016. The actual distribution to depositors for savings and deposits of tenures exceeding 6 months could be different from the amounts presented in the interim condensed consolidated statement of profit or loss. The actual profit to be distributed to these depositors 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 2016.

4. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing profit for the period attributable to the shareholders of the Bank by the weighted average number of shares outstanding during the period, less treasury shares, as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2016</i>	<i>30 September 2015</i>	<i>30 September 2016</i>	<i>30 September 2015</i>
Profit for the period attributable to the shareholders of the Bank (KD 000's)	1,501	1,319	13,477	11,754
Weighted average number of shares outstanding (shares'000)	933,689	933,689	933,689	933,689
Basic and diluted earnings per share	1.61 fils	1.41 fils	14.43 fils	12.59 fils

5. DUE FROM BANKS

	<i>KD 000's</i>		
	<i>30 September 2016</i>	<i>31 December 2015</i> <i>(Audited)</i>	<i>30 September 2015</i>
Tawarruq transactions with CBK	290,915	257,110	293,448
Murabaha finance with banks (contractual maturity of 90 days or less)	64,706	123,863	54,941
Murabaha finance with banks (contractual maturity of more than 90 days)	59,591	76,626	93,729
	415,212	457,599	442,118

6. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	<i>KD 000's</i>		
	<i>30 September 2016</i>	<i>31 December 2015</i> <i>(Audited)</i>	<i>30 September 2015</i>
Murabaha payable to banks	171,968	292,049	231,473
Murabaha payable to financial institutions	236,691	185,152	187,685
Current and call accounts	17,891	6,757	7,821
	426,550	483,958	426,979

7. DIVIDENDS

The Annual General Assembly meeting of the Bank's shareholders held on 27 March 2016 approved the distribution of cash dividends of 9 fils per share amounting to KD 8,403 thousand for the year ended 31 December 2015 (31 December 2014: 9 fils per share amounting to KD 8,403 thousand).

Kuwait International Bank K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
30 September 2016

8. CASH AND CASH EQUIVALENTS

	<i>KD 000's</i>		
	<u>30 September 2016</u>	<u>31 December 2015 (Audited)</u>	<u>30 September 2015</u>
Cash and balances with banks	19,321	15,904	21,152
Tawarruq transactions with CBK	290,915	257,110	293,448
Murabaha finance with banks (contractual maturity of 90 days or less)	64,706	123,863	54,941
	374,942	396,877	369,541

9. RELATED PARTY TRANSACTIONS

These are transactions with certain related parties (major shareholders, associates, directors and executive officers of the Group, close members of their families and companies in which they are principal owners or over which they are able to exert significant influence) who were 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. Transaction with subsidiary is eliminated in full and hence not disclosed.

The transactions and balances with related parties included in the interim condensed consolidated financial information are as follows:

	<i>KD 000's</i>					
				<u>Total</u>		
	<i>Major shareholders</i>	<i>Associates</i>	<i>Directors and Executive officers</i>	<u>30 September 2016</u>	<u>31 December 2015 (Audited)</u>	<u>30 September 2015</u>
Balances						
Financing receivables	31,450	-	44,137	75,587	69,894	49,886
Deposits	1,184	397	2,821	4,402	4,703	7,490
Commitments	4,000	-	1,158	5,158	4,136	2,906
Collaterals against credit facilities	70,370	-	70,485	140,855	96,153	75,909
Transactions						
Financing income	1,125	-	571	1,696	723	1,130
Distribution to depositors	-	1	10	11	6	13
(Audited)						
	<u>30 September 2016</u>			<u>31 December 2015</u>		
	<i>No. of Directors and Executive officers</i>	<i>Amount KD 000's</i>	<i>No. of Directors and Executive officers</i>	<i>Amount KD 000's</i>	<i>No. of Directors and Executive officers</i>	<i>Amount KD 000's</i>
Directors						
Financing receivables	4	44,044	4	44,540	4	28,023
Deposits	8	2,640	8	2,246	8	3,470
Collaterals against credit facilities	4	70,463	3	70,833	4	45,566
Executive officers						
Financing receivables	11	93	5	39	7	85
Deposits	16	181	15	132	12	291
Collaterals against credit facilities	5	22	4	27	4	29

Kuwait International Bank K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
30 September 2016

9. RELATED PARTY TRANSACTIONS (continued)

Key management compensation

	<i>KD 000's</i>			
	<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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Short-term benefits	353	219	941	888
Post-employment benefits	25	12	73	40

10. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>KD 000's</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2016</i>	<i>2015</i>	<i>2015</i>
		<i>(Audited)</i>	
Acceptances	31,133	37,229	26,770
Letters of credit	17,280	18,110	11,548
Letters of guarantee	245,901	204,848	181,101
	<u>294,314</u>	<u>260,187</u>	<u>219,419</u>

The Group also has revocable commitments to extend credit amounting to KD 246,827 thousand (31 December 2015: KD 211,981 thousand, 30 September 2015: KD 171,427 thousand).

11. SEGMENT INFORMATION

The Group's operating segments are determined based on the reports reviewed by the Chief Executive Officer that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

These operating segments meet the criteria for reportable segments and are as follows:

- Commercial and International - comprising of range of banking services and investment products to corporate customers providing commodity and real estate murabaha finance, Ijara and wakala facilities;
- Retail - comprising of range of banking services and investment products to individual customers, providing commodity and real estate murabaha finance, Ijara and wakala facilities;
- Treasury, Fund Management and Institutional Banking - comprising of liquidity management, correspondent banking, clearing, murabaha investments, exchange of deposits with banks and financial institutions;
- Investment Management - comprising of investment in associates and other investments, including investment properties;
- Others - comprising of those which is not pertaining to the above segments and includes those relating to a subsidiary.

Management monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The Group measures the performance of operating segments through measure of segment revenue and results in management and reporting systems.

Segment assets principally comprise all assets and segment liabilities comprise all liabilities that are attributable to the segment.

Kuwait International Bank K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
30 September 2016

11. SEGMENT INFORMATION (continued)

The following table presents operating income, results for the period, total assets and total liabilities information regarding the Group's reportable segments.

KD 000's

	<i>Commercial and International</i>	<i>Retail</i>	<i>Treasury, Fund Management and Institutional Banking</i>	<i>Investment management</i>	<i>Others</i>	<i>Total</i>
30 September 2016:						
Segment operating income/(loss)	39,396	7,674	(4,842)	2,207	2,198	46,633
Segment result	14,399	1,310	3,043	(1,272)	(3,977)	13,503
Segment assets	1,080,097	210,273	404,111	104,357	34,026	1,832,864
Segment liabilities	294,850	441,191	811,669	-	34,647	1,582,357
30 September 2015:						
Segment operating income/(loss)	32,672	8,121	(2,870)	4,775	1,957	44,655
Segment result	6,892	1,322	3,733	1,030	(1,152)	11,825
Segment assets	976,454	199,950	423,295	104,650	34,617	1,738,966
Segment liabilities	323,624	556,274	580,473	-	36,486	1,496,857

The Group operates from the State of Kuwait only.

Kuwait International Bank K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
30 September 2016

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments that are carried at fair value:

Level 1: Quoted prices in active market for the same instrument;

Level 2: Quoted prices in active market for similar instruments or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: Valuation techniques for which any significant input is not based on observable market data.

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

	<i>KD 000's</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
30 September 2016				
Investment securities				
<i>Financial assets at fair value through profit or loss:</i>				
Quoted equity securities	50	-	-	50
<i>Financial assets available for sale:</i>				
Quoted equity securities	13,181	-	-	13,181
Unquoted equity securities	-	-	29,060	29,060
Sukuks	25,807	-	1,649	27,456
	39,038	-	30,709	69,747
31 December 2015				
Investment securities				
<i>Financial assets at fair value through profit or loss:</i>				
Quoted equity securities	68	-	-	68
<i>Financial assets available for sale:</i>				
Quoted equity securities	19,836	-	-	19,836
Unquoted equity securities	-	-	34,034	34,034
Sukuks	7,522	-	3,271	10,793
	27,426	-	37,305	64,731
30 September 2015				
Investment securities				
<i>Financial assets at fair value through profit or loss:</i>				
Quoted equity securities	76	-	-	76
<i>Financial assets available for sale:</i>				
Quoted equity securities	19,893	-	-	19,893
Unquoted equity securities	-	-	34,210	34,210
Sukuks	4,565	-	3,255	7,820
	24,534	-	37,465	61,999

There has been no change in valuation techniques as compared to prior periods. During the period ended 30 September 2016, there were no transfers between the levels.