



**The Commercial Bank of Kuwait Group**

**Interim Condensed Consolidated Financial Information**

**30 June 2024  
(Unaudited)**

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

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Bank of Kuwait K.P.S.C. ("the Bank") and its subsidiary (together called "the Group") as of 30 June 2024 and the related interim condensed consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the six-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 the 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. 1 of 2016 and its executive regulations, as amended, or of the Memorandum of Incorporation and Articles of Association of the Bank as amended, during the six-month period ended 30 June 2024 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 and to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the Organization of Banking Business, and its related regulations during the six-month period ended 30 June 2024 that might have had a material effect on the business of the Bank or on its financial position.

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2024 (Unaudited)

		<b>30 June</b>	<i>(Audited)</i> 31 December	30 June
	Note	<b>2024</b>	2023	2023
		KD 000's	KD 000's	KD 000's
<b>ASSETS</b>				
Cash and short term funds	4	<b>1,115,104</b>	696,647	753,618
Treasury and Central Bank bonds		<b>159,235</b>	176,887	185,792
Due from banks and other financial institutions	5	<b>348,301</b>	444,674	459,925
Loans and advances	6	<b>2,740,348</b>	2,430,041	2,385,665
Investment securities	7	<b>320,853</b>	333,426	334,546
Premises and equipment		<b>30,016</b>	29,311	30,752
Intangible assets		<b>3,506</b>	3,506	3,506
Other assets		<b>53,450</b>	61,521	93,458
<b>TOTAL ASSETS</b>		<b>4,770,813</b>	4,176,013	4,247,262
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Due to banks		<b>278,635</b>	161,154	251,048
Due to other financial institutions		<b>252,542</b>	190,770	214,035
Customer deposits		<b>2,535,897</b>	2,200,336	2,265,255
Other borrowed funds	8	<b>796,100</b>	740,096	628,943
Other liabilities		<b>239,226</b>	223,079	226,271
<b>TOTAL LIABILITIES</b>		<b>4,102,400</b>	3,515,435	3,585,552
<b>EQUITY</b>				
<b>Equity attributable to shareholders of the Bank</b>				
Share capital		<b>199,206</b>	199,206	199,206
Treasury shares		<b>(99,369)</b>	(99,369)	(76,160)
Reserves		<b>275,500</b>	285,515	283,337
Retained earnings		<b>271,297</b>	230,157	233,021
		<b>646,634</b>	615,509	639,404
Proposed dividend		<b>21,515</b>	44,823	22,071
		<b>668,149</b>	660,332	661,475
<b>Non-controlling interests</b>		<b>264</b>	246	235
<b>TOTAL EQUITY</b>		<b>668,413</b>	660,578	661,710
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,770,813</b>	4,176,013	4,247,262

Sheikh Ahmad Duaij Jaber Al Sabah  
Chairman

Elham Y. Mahfouz  
Elham Yousry Mahfouz  
Chief Executive Officer

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Period ended 30 June 2024 (Unaudited)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2024	2023	2024	2023
		KD 000's	KD 000's	KD 000's	KD 000's
Interest income		61,110	54,125	118,782	105,051
Interest expense		(31,230)	(25,735)	(59,438)	(50,276)
<b>NET INTEREST INCOME</b>		<b>29,880</b>	<b>28,390</b>	<b>59,344</b>	<b>54,775</b>
Fees and commissions		11,915	11,027	23,414	21,578
Net gain from dealing in foreign currencies		1,890	1,613	4,448	4,279
Net (loss) gain from investment securities		(66)	(2)	(69)	64
Dividend income		2,120	1,659	2,621	2,160
Other operating income		62	179	162	351
<b>OPERATING INCOME</b>		<b>45,801</b>	<b>42,866</b>	<b>89,920</b>	<b>83,207</b>
Staff expenses		(8,073)	(7,525)	(17,443)	(13,617)
General and administrative expenses		(4,827)	(4,996)	(10,958)	(12,001)
Depreciation and amortisation		(299)	(398)	(403)	(459)
<b>OPERATING EXPENSES</b>		<b>(13,199)</b>	<b>(12,919)</b>	<b>(28,804)</b>	<b>(26,077)</b>
<b>OPERATING PROFIT BEFORE PROVISIONS</b>		<b>32,602</b>	<b>29,947</b>	<b>61,116</b>	<b>57,130</b>
Net reversal of impairment and other provisions	9	3,324	16,182	4,500	15,356
<b>PROFIT BEFORE TAXATION AND CONTRIBUTIONS</b>		<b>35,926</b>	<b>46,129</b>	<b>65,616</b>	<b>72,486</b>
Taxation and contributions		(1,561)	(2,009)	(2,944)	(3,284)
<b>NET PROFIT FOR THE PERIOD</b>		<b>34,365</b>	<b>44,120</b>	<b>62,672</b>	<b>69,202</b>
<b>Attributable to:</b>					
Shareholders of the Bank		34,356	44,115	62,655	69,191
Non-controlling interests		9	5	17	11
		<b>34,365</b>	<b>44,120</b>	<b>62,672</b>	<b>69,202</b>
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	10	<b>19.2</b>	23.6	<b>34.9</b>	36.8

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.


**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Period ended 30 June 2024 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	<b>2024</b> <b>KD 000's</b>	2023 KD 000's	<b>2024</b> <b>KD 000's</b>	2023 KD 000's
Net profit for the period	<b>34,365</b>	44,120	<b>62,672</b>	69,202
<b>OTHER COMPREHENSIVE (LOSS) INCOME</b>				
<b>Items that will not be reclassified subsequently to interim condensed consolidated statement of income</b>				
Equity securities classified as fair value through other comprehensive income:				
Net changes in fair value	<b>(7,624)</b>	5,758	<b>(9,828)</b>	4,205
<b>Items that are or may be reclassified subsequently to interim condensed consolidated statement of income</b>				
Debt securities classified as fair value through other comprehensive income:				
Net changes in fair value	<b>(619)</b>	908	<b>(186)</b>	1,497
Net gain on disposal transferred to income statement	-	114	-	145
	<b>(8,243)</b>	6,780	<b>(10,014)</b>	5,847
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>26,122</b>	50,900	<b>52,658</b>	75,049
<b>Attributable to:</b>				
Shareholders of the Bank	<b>26,113</b>	50,893	<b>52,640</b>	75,130
Non-controlling interests	<b>9</b>	7	<b>18</b>	(81)
	<b>26,122</b>	50,900	<b>52,658</b>	75,049

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Period ended 30 June 2024 (Unaudited)

	KD 000's														
	Attributable to shareholders of the Bank														
	Share Capital	Proposed Bonus Shares	Treasury Shares	Reserves							Retained Earnings	Proposed Dividend	Non-controlling		
Share Premium				Statutory Reserve	General Reserve	Treasury Shares Reserve	Property Revaluation Reserve	Investment Valuation Reserve	Total Reserves	Total			Interests	Total	
Balance at 1 January 2023	199,206	-	(49,798)	66,791	115,977	17,927	-	25,242	51,461	277,398	185,901	47,298	660,005	316	660,321
Total comprehensive income income for the period	-	-	-	-	-	-	-	-	5,939	5,939	69,191	-	75,130	(81)	75,049
Purchase of treasury shares	-	-	(26,362)	-	-	-	-	-	-	-	-	-	(26,362)	-	(26,362)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(47,298)	(47,298)	-	(47,298)
Proposed dividend	-	-	-	-	-	-	-	-	-	-	(22,071)	22,071	-	-	-
Balance at 30 June 2023	199,206	-	(76,160)	66,791	115,977	17,927	-	25,242	57,400	283,337	233,021	22,071	661,475	235	661,710
<b>Balance at 1 January 2024</b>	<b>199,206</b>	<b>-</b>	<b>(99,369)</b>	<b>66,791</b>	<b>115,977</b>	<b>17,927</b>	<b>-</b>	<b>24,869</b>	<b>59,951</b>	<b>285,515</b>	<b>230,157</b>	<b>44,823</b>	<b>660,332</b>	<b>246</b>	<b>660,578</b>
Total comprehensive income income for the period	-	-	-	-	-	-	-	-	(10,015)	(10,015)	62,655	-	52,640	18	52,658
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(44,823)	(44,823)	-	(44,823)
Proposed dividend	-	-	-	-	-	-	-	-	-	-	(21,515)	21,515	-	-	-
<b>Balance at 30 June 2024</b>	<b>199,206</b>	<b>-</b>	<b>(99,369)</b>	<b>66,791</b>	<b>115,977</b>	<b>17,927</b>	<b>-</b>	<b>24,869</b>	<b>49,936</b>	<b>275,500</b>	<b>271,297</b>	<b>21,515</b>	<b>668,149</b>	<b>264</b>	<b>668,413</b>

Annual General Assembly of the shareholders held on 24 April 2024 approved to distribute final cash dividend of 25 fils per share amounting to KD 44,823 thousand (2023: KD 47,298 thousand).

The Board of Directors in their meeting held on 11 July 2024, recommends distribution of 12 fils per share of interim cash dividend (2023: 12 fils per share), to the registered shareholders, subject to regulatory approvals.

Investment valuation reserve includes a loss of KD 5,504 thousand (31 December 2023: KD 5,506 thousand and 30 June 2023: KD 5,511 thousand) arising from foreign currency translation of the Bank's investment in a foreign associate.

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

Period ended 30 June 2024 (Unaudited)

	Note	Six months ended	
		30 June	
		2024	2023
		KD 000's	KD 000's
<b>OPERATING ACTIVITIES</b>			
Profit before taxation and contributions		65,616	72,486
Adjustments for:			
Net of impairment and other provisions	9	(4,500)	(15,356)
Income from investment securities		(2,552)	(2,224)
Foreign exchange loss (gain) on investment securities		1,737	(88)
Depreciation and amortisation		403	459
Cash flow before changes in operating assets and liabilities		60,704	55,277
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		17,652	(2,237)
Due from banks and other financial institutions		96,462	20,278
Loans and advances		(304,861)	39,023
Other assets		8,075	9,624
Due to banks		117,481	26,201
Due to other financial institutions		61,772	(59,708)
Customer deposits		335,561	(75,030)
Other liabilities		11,513	16,897
Net cash from operating activities		404,359	30,325
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale/maturity of investment securities		75,929	73,761
Acquisition of investment securities		(75,467)	(29,204)
Dividend income from investment securities		2,621	2,160
Proceeds from disposal of premises and equipment		88	241
Acquisition of premises and equipment		(279)	(86)
Net cash from investing activities		2,892	46,872
<b>FINANCING ACTIVITIES</b>			
Other borrowed funds		56,004	17,501
Purchase of treasury shares		-	(26,362)
Dividends paid		(44,823)	(47,298)
Net cash from (used in) financing activities		11,181	(56,159)
Net increase in cash and short term funds		418,432	21,038
Cash and short term funds at 1 January		696,699	732,625
<b>Cash and short term funds at 30 June</b>	4	<b>1,115,131</b>	<b>753,663</b>

The attached notes 1 to 16 form an integral part of this interim condensed consolidated financial information.


**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

**1 CORPORATE INFORMATION**

The Commercial Bank of Kuwait K.P.S.C ("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 Boursa Kuwait. The address of the Bank's registered office 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 11 July 2024.

The principal activities of the Group are explained in note 13.

**2 MATERIAL ACCOUNTING POLICIES**

a) The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' except for point (b) below. The accounting policies used in the preparation of these interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023.

b) The interim condensed consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations, including CBK circulars on regulatory measures in response to COVID-19 and related CBK communications, require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards with the following amendments:

- i) Expected credit loss ("ECL") on credit facilities to be measured at the higher of ECL computed under IFRS 9 - Financial Instruments ("IFRS") in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures; and

The above framework is hereinafter referred to as 'IFRS as adopted by CBK for use by the State of Kuwait'.

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

**New standards, interpretations and amendments adopted by the Group**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Other new standards or amendments to existing standards which are effective for annual accounting period starting from 1 January 2024 did not have any material impact on financial position or performance of the Group.

**3 SUBSIDIARY**

Name of entity	Country of incorporation	Principal activities	% of ownership		
			30 June 2024	31 December 2023	30 June 2023
Al-Tijari Financial Brokerage Company K.S.C. (Closed)	Kuwait	Brokerage Services	98.16	98.16	98.16

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

**4 CASH AND SHORT TERM FUNDS**

	<b>30 June 2024 KD 000's</b>	<i>(Audited)</i> 31 December 2023 KD 000's	30 June 2023 KD 000's
Cash and cash items	179,492	199,061	149,430
Balances with the CBK	329,593	166,708	218,509
Deposits with banks maturing within seven days	<b>606,046</b>	330,930	385,724
	<b>1,115,131</b>	696,699	753,663
Less : Provision for impairment (ECL)	<b>(27)</b>	(52)	(45)
	<b>1,115,104</b>	696,647	753,618

**5 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>30 June 2024 KD 000's</b>	<i>(Audited)</i> 31 December 2023 KD 000's	30 June 2023 KD 000's
Placements with banks	163,762	251,862	399,736
Less: Provision for impairment (ECL)	<b>(21)</b>	(88)	(47)
	<b>163,741</b>	251,774	399,689
Loans and advances to banks	138,269	146,693	60,844
Amounts due from other financial institutions	48,000	48,000	-
Less: Provision for impairment	<b>(1,709)</b>	(1,793)	(608)
	<b>184,560</b>	192,900	60,236
	<b>348,301</b>	444,674	459,925

**6 LOANS AND ADVANCES**

	<b>30 June 2024 KD 000's</b>	<i>(Audited)</i> 31 December 2023 KD 000's	30 June 2023 KD 000's
Loans and advances	2,931,531	2,618,601	2,573,716
Less: Provision for impairment	<b>(191,183)</b>	(188,560)	(188,051)
	<b>2,740,348</b>	2,430,041	2,385,665

Provision for expected credit losses (ECL) on credit facilities are the higher of ECL under IFRS 9, determined in accordance with the CBK guidelines and the provision required by the CBK rules on classification of credit facilities.

The available provision on non-cash facilities of KD 50,440 thousand (31 December 2023: KD 55,523 thousand, 30 June 2023: KD 30,192 thousand) is included under other liabilities. The total provision for cash and non cash credit facilities in accordance with CBK guidelines amounted to KD 241,623 thousand as at 30 June 2024 (31 December 2023: KD 244,083, 30 June 2023: KD 218,243 thousand)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

The ECL on credit facilities (cash and non cash) determined under IFRS 9 amounted to KD 96,947 thousand as at 30 June 2024 (31 December 2023: KD 99,327 thousand and 30 June 2023: KD 78,504 thousand).

The provision required under CBK rules on classification of credit facilities is higher than ECL under CBK guidelines for IFRS 9.

An analysis of the gross amounts of credit facilities, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance with CBK guidelines are as follows:

	30 June 2024			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	410,857	8,254	-	419,111
Good	1,264,907	95,653	-	1,360,560
Standard	761,244	45,557	-	806,801
Past due but not impaired	111,840	233,219	-	345,059
Impaired	-	-	-	-
Cash credit facilities	<u>2,548,848</u>	<u>382,683</u>	<u>-</u>	<u>2,931,531</u>
Non cash credit facilities	<u>2,286,837</u>	<u>175,064</u>	<u>42,416</u>	<u>2,504,317</u>
ECL provision for credit facilities	<u>29,909</u>	<u>25,087</u>	<u>41,951</u>	<u>96,947</u>
	31 December 2023 (Audited)			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	370,564	3,856	-	374,420
Good	1,081,467	96,372	-	1,177,839
Standard	695,086	263,337	-	958,423
Past due but not impaired	92,016	15,903	-	107,919
Impaired	-	-	-	-
Cash credit facilities	<u>2,239,133</u>	<u>379,468</u>	<u>-</u>	<u>2,618,601</u>
Non cash credit facilities	<u>2,111,396</u>	<u>178,381</u>	<u>47,787</u>	<u>2,337,564</u>
ECL provision for credit facilities	<u>22,612</u>	<u>29,515</u>	<u>47,200</u>	<u>99,327</u>
	30 June 2023			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	315,015	5,826	-	320,841
Good	1,079,924	79,331	-	1,159,255
Standard	612,634	45,196	-	657,830
Past due but not impaired	182,223	253,567	-	435,790
Impaired	-	-	-	-
Cash credit facilities	<u>2,189,796</u>	<u>383,920</u>	<u>-</u>	<u>2,573,716</u>
Non cash credit facilities	<u>2,235,043</u>	<u>197,043</u>	<u>24,638</u>	<u>2,456,724</u>
ECL provision for credit facilities	<u>21,111</u>	<u>35,255</u>	<u>22,138</u>	<u>78,504</u>


**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

**Movement in ECL for Credit Facilities:**

	<b>30 June 2024</b>			
	<b>KD 000's</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
ECL 1 January 2024	22,612	29,515	47,200	99,327
Transfer to stage 1	753	(753)	-	-
Transfer to stage 2	(83)	83	-	-
Transfer to stage 3	(2)	-	2	-
Net charged / (released)	6,632	(3,755)	1,683	4,560
Written-off	-	-	(6,933)	(6,933)
Exchange difference	(3)	(3)	(1)	(7)
<b>ECL 30 June 2024</b>	<b>29,909</b>	<b>25,087</b>	<b>41,951</b>	<b>96,947</b>
	<b>30 June 2023</b>			
	<b>KD 000's</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
ECL 1 January 2023	24,685	35,889	21,974	82,548
Transfer to stage 1	390	(390)	-	-
Transfer to stage 2	(186)	186	-	-
Transfer to stage 3	(6)	-	6	-
Net (released) / charged	(3,782)	(435)	7,244	3,027
Written-off	-	-	(7,089)	(7,089)
Exchange difference	10	5	3	18
<b>ECL 30 June 2023</b>	<b>21,111</b>	<b>35,255</b>	<b>22,138</b>	<b>78,504</b>

**7 INVESTMENT SECURITIES**

The Group designated certain debt securities as hedge items, to hedge the fair value changes arising from changes in market interest rates. Interest rate swap (IRS) is used as hedging instruments in which the Group pays fixed and receives floating interest rate.

Based on the matching of critical terms between the hedge items and the hedged instruments it was concluded that the hedges were effective.

The carrying value of debt securities designated as hedged item as at 30 June 2024 was KD 122,624 thousand (31 December 2023: KD 174,354 thousand and 30 June 2023 was KD 140,936 thousand). The gain from change in fair value hedged instruments resulting from changes in market interest rate (hedged risk) during the period was KD 212 thousand (30 June 2023: loss KD 15 thousand). The changes in fair value related to hedged risk during the period was recognised in the interim condensed consolidated statement of income.


**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

**8 OTHER BORROWED FUNDS**

Other borrowed funds include securities sold under agreements to repurchase amounting to KD 222,722 thousand (31 December 2023: KD 149,229 thousand and 30 June 2023: KD 95,058 thousand). The Group enters into collateralised borrowing transactions (repurchase agreements) in the ordinary course of its financing activities. Collateral is provided in the form of securities held within the investment securities portfolio. At 30 June 2024, the fair value of investment securities that had been pledged as collateral under repurchase agreements was KD 248,320 thousand (31 December 2023: KD 160,025 thousand and 30 June 2023: KD 97,531 thousand). The collateralised borrowing transactions are conducted under standardised terms that are usual and customary for such transactions.

Other borrowed funds include Subordinated Tier 2 bonds for the period ended 30 June 2024 amounting to KD 50,000 thousand (31 December 2023: 50,000 and 30 June 2023: nil). The bonds issued in September 2023 and carry an interest rate of 3% per annum over the CBK discount rate, subject to a floor of 5%. The bonds are unsecured, callable in whole and not in part at the option of the bank after 5 years from the date of issuance, subject to certain conditions and approval of CBK.

**9 NET REVERSAL OF IMPAIRMENT AND OTHER PROVISIONS**

Net reversal of impairment and other provisions for the period ended 30 June 2024 amounted to KD 4,500 thousand (30 June 2023: charged of KD 15,356 thousand) which mainly represent specific, general and other provisions against loans and advances and other financial assets after recoveries amounting to KD 14,945 thousand (30 June 2023: KD 11,724 thousand).

Impairment and other provisions includes release of ECL on financial assets other than loans and advances for the period ended 30 June 2024 amounting to KD 7 thousand (30 June 2023: KD 41 thousand).

**10 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.

	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Net profit for the period attributable to shareholders of the Bank (KD 000's)	<b>34,356</b>	44,115	<b>62,655</b>	69,191
Weighted average of authorised and subscribed shares (numbers in 000's)	<b>1,992,056</b>	1,992,056	<b>1,992,056</b>	1,992,056
Less: Weighted average of treasury shares held (numbers in 000's)	<b>(199,134)</b>	(121,996)	<b>(199,134)</b>	(111,129)
	<b>1,792,922</b>	1,870,060	<b>1,792,922</b>	1,880,927
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	<b>19.2</b>	23.6	<b>34.9</b>	36.8

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

**11 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:

	30 June 2024			30 June 2023		
	Number of Directors/ Executives	Number of Related Members	Amount in KD 000's	Number of Directors/ Executives	Number of Related Members	Amount in KD 000's
<b>Board of Directors</b>						
Loans	2	-	75	3	3	2,228
Credit cards	4	1	17	4	1	15
Deposits	11	9	1,440	11	12	11,996
<b>Executive Management</b>						
Loans	51	4	2,109	45	2	1,918
Credit cards	47	-	58	36	-	56
Deposits	68	51	2,054	61	43	1,928
<b>Associates</b>						
Deposits	1	-	13,605	1	-	13,686
<b>Major Shareholders</b>						
Deposits	1	-	95	1	-	32

Interest income and interest expense include KD 27 thousand (30 June 2023: KD 97 thousand) and KD 551 thousand (30 June 2023: KD 582 thousand) respectively on transactions with related parties.

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

	Six months ended 30 June	
	2024 KD 000's	2023 KD 000's
Salaries and other short-term benefits	1,137	1,049
Post employment benefits	16	13
End of service benefits	98	110

**12 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

Financial assets and liabilities that are carried at amortised cost, are not materially different from their fair values as most of these financial assets and liabilities are of short term maturities or repriced immediately based on market movement in interest rates.

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:

	<b>30 June 2024</b>			
	<b>KD 000's</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities	<b>260,079</b>	<b>10,839</b>	-	<b>270,918</b>
Equities and other securities	<b>30,587</b>	<b>19,348</b>	-	<b>49,935</b>
	<b>290,666</b>	<b>30,187</b>	-	<b>320,853</b>
Derivative financial instruments (Note 14)	-	<b>4,092</b>	-	<b>4,092</b>
	<b>31 December 2023 (Audited)</b>			
	<b>KD 000's</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities	264,750	9,791	-	274,541
Equities and other securities	33,411	25,474	-	58,885
	298,161	35,265	-	333,426
Derivative financial instruments (Note 14)	-	4,146	-	4,146
	<b>30 June 2023</b>			
	<b>KD 000's</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities	270,689	9,469	-	280,158
Equities and other securities	34,321	20,067	-	54,388
	305,010	29,536	-	334,546
Derivative financial instruments (Note 14)	-	6,283	-	6,283

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

**13 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.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024 (Unaudited)

Management monitors the operating results of these segments separately for the purpose of making decisions based on key performance indicators.

	KD 000's					
	Corporate and Retail Banking		Treasury and Investment Banking		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023	2024	2023
Net interest income	47,179	45,052	12,165	9,723	59,344	54,775
Net non interest income	23,177	21,632	7,399	6,800	30,576	28,432
Operating income	70,356	66,684	19,564	16,523	89,920	83,207
Impairment and other provisions	10,692	4,597	(6,192)	10,759	4,500	15,356
Net profit (loss) for the period	65,339	57,530	(2,667)	11,672	62,672	69,202
Assets	2,875,658	2,539,083	1,895,155	1,708,179	4,770,813	4,247,262
Liabilities	1,917,740	1,753,445	2,184,660	1,832,107	4,102,400	3,585,552

## 14 OFF BALANCE SHEET ITEMS AND LEGAL CLAIMS

## (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

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD 000's	KD 000's	KD 000's
Acceptances	157,837	121,936	113,178
Letters of credit	153,709	127,989	120,257
Letters of guarantee	1,660,372	1,588,770	1,623,540
Undrawn lines of credit	481,959	443,346	569,557
	<b>2,453,877</b>	<b>2,282,041</b>	<b>2,426,532</b>

## (ii) Financial instruments with contractual or notional amounts that are subject to credit risk

30 June 2024	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	147	380	205,129
Interest rate swaps (held as fair value hedges)	2,801	135	199,280
Interest rate swaps (others)	29,948	28,289	259,309
	<b>32,896</b>	<b>28,804</b>	<b>663,718</b>


**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

30 June 2024 (Unaudited)

	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
31 December 2023 (Audited)			
Forward foreign exchange contracts	504	637	164,933
Interest rate swaps (held as fair value hedges)	3,289	835	196,846
Interest rate swaps (others)	30,075	28,250	280,866
	33,868	29,722	642,645
	33,868	29,722	642,645
	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
30 June 2023			
Forward foreign exchange contracts	708	2,089	364,517
Interest rate swaps (held as fair value hedges)	5,794	-	164,728
Interest rate swaps (others)	29,423	27,553	263,461
	35,925	29,642	792,706
	35,925	29,642	792,706

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 3,887 thousand (31 December 2023: KD 3,790 thousand and 30 June 2023: 3,795 thousand) have been provided.

**15 SIGNIFICANT EVENT**
**Changes in interbank offered rates (IBOR)**

The Bank's exposure to its floating-rate financial assets and liabilities is mainly through USD LIBOR has successfully been moved to alternative "reference rate" with the exception of a few contracts. These contracts will also move to alternative reference rate on next interest re-set date.

**Others factors**

The Group is actively monitoring the impact on its financial conditions, liquidity, and workforce and will take necessary measures for business continuity in line with the instruction from the Government of Kuwait and CBK.

**16 SUBSEQUENT EVENT**

Subsequent to period ended 30 June 2024, the Group has issued subordinated Tier 2 bonds amounting to KD 50,000 thousand on 2 July 2024, which carry an interest rate of 3% per annum over Central Bank of Kuwait discount rate, subject to a floor of 5%. These Bonds are unsecured, callable in whole and not in part at the option of the Group after 5 years from the date of issuance, subject to certain conditions and approval of Central Bank of Kuwait.