



The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

**30 September 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 September 2024, and the related interim condensed consolidated statements of income and other comprehensive income for the three-month and nine-month periods then ended and the related interim condensed consolidated statements of 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 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.

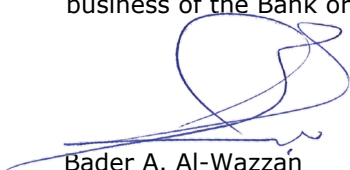
Conclusion

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.

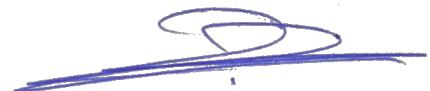
Report on other Legal and Regulatory Requirements

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 nine-month period ended 30 September 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 nine-month period ended 30 September 2024, that might have had a material effect on the business of the Bank or on its financial position.



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The Commercial Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2024 (Unaudited)

			(Audited)	
		30 September	31 December	30 September
		2024	2023	2023
		KD 000's	KD 000's	KD 000's
ASSETS				
Cash and short term funds	4	891,960	696,647	800,062
Treasury and Central Bank bonds		136,876	176,887	177,392
Due from banks and other financial institutions	5	412,911	444,674	309,111
Loans and advances	6	2,747,242	2,430,041	2,386,457
Investment securities	7	346,648	333,426	317,249
Premises and equipment		29,918	29,311	30,360
Intangible assets		3,506	3,506	3,506
Other assets		48,168	61,521	73,044
TOTAL ASSETS		4,617,229	4,176,013	4,097,181
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		258,040	161,154	121,002
Due to other financial institutions		200,241	190,770	195,827
Customer deposits		2,499,431	2,200,336	2,225,120
Other borrowed funds	8	748,244	740,096	681,407
Other liabilities		235,608	223,079	207,030
TOTAL LIABILITIES		3,941,564	3,515,435	3,430,386
EQUITY				
Equity attributable to shareholders of the Bank				
Share capital		199,206	199,206	199,206
Treasury shares		(99,369)	(99,369)	(76,160)
Reserves		278,390	285,515	280,539
Retained earnings		297,162	230,157	262,969
Proposed dividend		675,389	615,509	666,554
		-	44,823	-
Non-controlling interests		675,389	660,332	666,554
		276	246	241
TOTAL EQUITY		675,665	660,578	666,795
TOTAL LIABILITIES AND EQUITY		4,617,229	4,176,013	4,097,181

Abdulrahman Abdulla Al Ali
Deputy 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 September 2024 (Unaudited)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2024 KD 000's	2023 KD 000's	2024 KD 000's	2023 KD 000's
Interest income		60,836	55,590	179,618	160,641
Interest expense		(31,549)	(25,787)	(90,987)	(76,063)
NET INTEREST INCOME		29,287	29,803	88,631	84,578
Fees and commissions		11,669	10,805	35,083	32,383
Net gain from dealing in foreign currencies		1,882	1,776	6,330	6,055
Net gain (loss) from investment securities		60	(4)	(9)	60
Dividend income		64	720	2,685	2,880
Other operating income		268	73	430	424
OPERATING INCOME		43,230	43,173	133,150	126,380
Staff expenses		(8,166)	(7,334)	(25,609)	(20,951)
General and administrative expenses		(6,665)	(5,605)	(17,623)	(17,606)
Depreciation and amortisation		(449)	(927)	(852)	(1,386)
OPERATING EXPENSES		(15,280)	(13,866)	(44,084)	(39,943)
OPERATING PROFIT BEFORE PROVISIONS		27,950	29,307	89,066	86,437
Net (charge) reversal of impairment and other provisions	9	(855)	2,040	3,645	17,396
PROFIT BEFORE TAXATION AND CONTRIBUTIONS		27,095	31,347	92,711	103,833
Taxation and contributions		(1,219)	(1,393)	(4,163)	(4,677)
NET PROFIT FOR THE PERIOD		25,876	29,954	88,548	99,156
Attributable to:					
Shareholders of the Bank		25,865	29,948	88,520	99,139
Non-controlling interests		11	6	28	17
		25,876	29,954	88,548	99,156
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	10	14.4	16.3	49.4	53.1

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 September 2024 (Unaudited)

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD 000's	KD 000's	KD 000's	KD 000's
Net profit for the period	25,876	29,954	88,548	99,156
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to interim condensed consolidated statement of income				
Equity securities classified as fair value through other comprehensive income:				
Net changes in fair value	2,119	(2,084)	(7,709)	2,121
Items that are or may be reclassified subsequently to interim condensed consolidated statement of income				
Debt securities classified as fair value through other comprehensive income:				
Net changes in fair value	781	(664)	595	833
Net (loss) gain on disposal transferred to income statement	(9)	(50)	(9)	95
	2,891	(2,798)	(7,123)	3,049
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	28,767	27,156	81,425	102,205
Attributable to:				
Shareholders of the Bank	28,755	27,150	81,395	102,280
Non-controlling interests	12	6	30	(75)
	28,767	27,156	81,425	102,205

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 September 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 (loss)	-	-	-	-	-	-	-	-	3,141	3,141	99,139	-	102,280	(75)	102,205
Purchase of treasury shares	-	-	(26,362)	-	-	-	-	-	-	-	-	-	(26,362)	-	(26,362)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(47,298)	(47,298)	-	(47,298)
Interm dividend paid	-	-	-	-	-	-	-	-	-	-	(22,071)	-	(22,071)	-	(22,071)
Balance at 30 September 2023	199,206	-	(76,160)	66,791	115,977	17,927	-	25,242	54,602	280,539	262,969	-	666,554	241	666,795
Balance at 1 January 2024	199,206	-	(99,369)	66,791	115,977	17,927	-	24,869	59,951	285,515	230,157	44,823	660,332	246	660,578
Total comprehensive income	-	-	-	-	-	-	-	-	(7,125)	(7,125)	88,520	-	81,395	30	81,425
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(44,823)	(44,823)	-	(44,823)
Interm dividend paid	-	-	-	-	-	-	-	-	-	-	(21,515)	-	(21,515)	-	(21,515)
Balance at 30 September 2024	199,206	-	(99,369)	66,791	115,977	17,927	-	24,869	52,826	278,390	297,162	-	675,389	276	675,665

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, approved distribution of 12 fils per share of interim cash dividend (2023: 12 fils per share) on the outstanding shares as of 30 June 2024. The interim cash dividend amounting to KD 21,515 (2023: KD 22,071) thousand was paid subsequently.

Investment valuation reserve includes a loss of KD 5,470 thousand (31 December 2023: KD 5,506 thousand and 30 September 2023: KD 5,546 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 September 2024 (Unaudited)

		Nine months ended	
		30 September	
	Note	2024 KD 000's	2023 KD 000's
OPERATING ACTIVITIES			
Profit before taxation and contributions		92,711	103,833
Adjustments for:			
Net of impairment and other provisions	9	(3,645)	(17,396)
Income from investment securities		(2,676)	(2,940)
Foreign exchange loss (gain) on investment securities		3,172	(82)
Depreciation and amortisation		852	1,386
Cash flow before changes in operating assets and liabilities		90,414	84,801
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		40,011	6,163
Due from banks and other financial institutions		31,833	171,100
Loans and advances		(315,304)	39,467
Other assets		13,356	30,035
Due to banks		96,886	(103,845)
Due to other financial institutions		9,471	(77,916)
Customer deposits		299,095	(115,165)
Other liabilities		4,200	(2,847)
Net cash from operating activities		269,962	31,793
INVESTING ACTIVITIES			
Proceeds from sale/maturity of investment securities		98,335	99,648
Acquisition of investment securities		(117,274)	(40,876)
Dividend income from investment securities		2,685	2,880
Proceeds from disposal of premises and equipment		-	236
Acquisition of premises and equipment		(231)	(434)
Net cash (used in) from investing activities		(16,485)	61,454
FINANCING ACTIVITIES			
Other borrowed funds		8,148	69,965
Purchase of treasury shares		-	(26,362)
Dividends paid		(66,338)	(69,369)
Net cash used in financing activities		(58,190)	(25,766)
Net increase in cash and short term funds		195,287	67,481
Cash and short term funds at 1 January		696,699	732,625
Cash and short term funds at 30 September	4	891,986	800,106

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 September 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 9 October 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, 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;

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. In the opinion of the Group's management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. 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		
			<i>(Audited)</i>		
			30 September 2024	31 December 2023	30 September 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 September 2024 (Unaudited)

4 CASH AND SHORT TERM FUNDS

	<i>(Audited)</i>		
	30 September 2024	31 December 2023	30 September 2023
	KD 000's	KD 000's	KD 000's
Cash and cash items	174,197	199,061	151,551
Balances with the CBK	368,150	166,708	321,135
Deposits with banks maturing within seven days	349,639	330,930	327,420
	891,986	696,699	800,106
Less : Provision for impairment (ECL)	(26)	(52)	(44)
	891,960	696,647	800,062

5 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	<i>(Audited)</i>		
	30 September 2024	31 December 2023	30 September 2023
	KD 000's	KD 000's	KD 000's
Placements with banks	258,078	251,862	249,803
Less: Provision for impairment (ECL)	(43)	(88)	(39)
	258,035	251,774	249,764
Loans and advances to banks	108,593	146,693	59,947
Amounts due from other financial institutions	48,000	48,000	-
Less: Provision for impairment	(1,717)	(1,793)	(600)
	154,876	192,900	59,347
	412,911	444,674	309,111

6 LOANS AND ADVANCES

	<i>(Audited)</i>		
	30 September 2024	31 December 2023	30 September 2023
	KD 000's	KD 000's	KD 000's
Loans and advances	2,938,342	2,618,601	2,574,543
Less: Provision for impairment	(191,100)	(188,560)	(188,086)
	2,747,242	2,430,041	2,386,457

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 47,655 thousand (31 December 2023: KD 55,523 thousand and 30 September 2023: KD 29,330 thousand) is included under other liabilities. The total provision for cash and non cash credit facilities in accordance with CBK rules amounted to KD 238,755 thousand as at 30 September 2024 (31 December 2023: KD 244,083 and 30 September 2023: KD 217,416 thousand)

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

30 September 2024 (Unaudited)

The ECL on credit facilities (cash and non cash) determined under IFRS 9 amounted to KD 92,471 thousand as at 30 September 2024 (31 December 2023: KD 99,327 thousand and 30 September 2023: KD 73,929 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 September 2024			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	527,175	9,891	-	537,066
Good	1,213,919	95,963	-	1,309,882
Standard	778,386	253,296	-	1,031,682
Past due but not impaired	50,513	9,199	-	59,712
Impaired	-	-	-	-
Cash credit facilities	2,569,993	368,349	-	2,938,342
Non cash credit facilities	2,549,868	179,526	39,521	2,768,915
ECL provision for credit facilities	29,681	23,732	39,058	92,471
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	2,239,133	379,468	-	2,618,601
Non cash credit facilities	2,111,396	178,381	47,787	2,337,564
ECL provision for credit facilities	22,612	29,515	47,200	99,327
30 September 2023				
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	360,879	3,904	-	364,783
Good	1,153,147	89,560	-	1,242,707
Standard	643,212	255,485	-	898,697
Past due but not impaired	54,065	14,291	-	68,356
Impaired	-	-	-	-
Cash credit facilities	2,211,303	363,240	-	2,574,543
Non cash credit facilities	2,253,435	199,021	23,387	2,475,843
ECL provision for credit facilities	20,852	31,622	21,455	73,929

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

30 September 2024 (Unaudited)

Movement in ECL for Credit Facilities:

	30 September 2024			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
ECL 1 January 2024	22,612	29,515	47,200	99,327
Transfer to stage 1	672	(672)	-	-
Transfer to stage 2	(127)	127	-	-
Transfer to stage 3	-	-	-	-
Net charged / (released)	6,540	(5,232)	9,053	10,361
Written-off	-	-	(17,195)	(17,195)
Exchange difference	(16)	(6)	-	(22)
ECL 30 September 2024	29,681	23,732	39,058	92,471
	30 September 2023			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
ECL 1 January 2023	24,685	35,889	21,974	82,548
Transfer to stage 1	457	(457)	-	-
Transfer to stage 2	(192)	192	-	-
Transfer to stage 3	(6)	-	6	-
Net (released) / charged	(4,113)	(4,011)	9,931	1,807
Written-off	-	-	(10,455)	(10,455)
Exchange difference	21	9	(1)	29
ECL 30 September 2023	20,852	31,622	21,455	73,929

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 are effective.

The carrying value of debt securities designated as hedged item as at 30 September 2024 was KD 250,104 thousand (31 December 2023: KD 174,354 thousand and 30 September 2023 was KD 136,095 thousand). The net loss from the change in fair value of these securities resulting from changes in market interest rate (hedged risk) during the period was KD 4,581 thousand (30 September 2023: gain KD 187 thousand). The changes in the 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 September 2024 (Unaudited)

8 OTHER BORROWED FUNDS

Other borrowed funds include securities sold under agreements to repurchase amounting to KD 221,342 thousand (31 December 2023: KD 149,229 thousand and 30 September 2023: KD 92,700 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 September 2024, the fair value of investment securities that had been pledged as collateral under repurchase agreements was KD 252,176 thousand (31 December 2023: KD 160,025 thousand and 30 September 2023: KD 94,822 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 September 2024 amounting to KD 100,000 thousand (31 December 2023: 50,000 and 30 September 2023: KD 50,000). The bonds issued first tranche in September 2023 amounting to KD 50,000 thousand and second tranche in July 2024 amounting to KD 50,000 thousand with carrying 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 (CHARGE) REVERSAL OF IMPAIRMENT AND OTHER PROVISIONS

Net reversal of impairment and other provisions for the period ended 30 September 2024 amounted to KD 3,645 thousand (30 September 2023: KD 17,396 thousand) which mainly represent specific, general and other provisions against loans and advances and other financial assets after recoveries amounting to KD 21,574 thousand (30 September 2023: KD 16,353 thousand).

Impairment and other provisions includes charge of ECL on financial assets other than loans and advances for the period ended 30 September 2024 amounting to KD 7 thousand (30 September 2023: release of KD 16 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 September		Nine months ended 30 September	
	2024	2023	2024	2023
Net profit for the period attributable to shareholders of the Bank (KD 000's)	25,865	29,948	88,520	99,139
Weighted average of authorised and subscribed shares (numbers in 000's)	1,992,056	1,992,056	1,992,056	1,992,056
Less: Weighted average of treasury shares held (numbers in 000's)	(199,134)	(152,785)	(199,134)	(125,167)
	1,792,922	1,839,271	1,792,922	1,866,889
Basic and diluted earnings per share attributable to shareholders of the Bank (fil)	14.4	16.3	49.4	53.1

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

30 September 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 September 2024			30 September 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
Board of Directors						
Loans	2	-	74	3	1	156
Credit cards	3	1	16	4	1	14
Deposits	11	9	1,729	13	11	12,704
Executive Management						
Loans	35	4	1,685	45	3	1,875
Credit cards	39	2	54	41	1	58
Deposits	48	43	2,270	59	43	1,979
Associates						
Deposits	1	-	13,521	1	-	13,736
Major Shareholders						
Deposits	1	-	95	1	-	340

Interest income and interest expense include KD 40 thousand (30 September 2023: KD 108 thousand) and KD 753 thousand (30 September 2023: KD 909 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:

	Nine months ended 30 September	
	2024	2023
	KD 000's	KD 000's
Salaries and other short-term benefits	1,594	1,475
Post employment benefits	25	20
End of service benefits	131	138

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 September 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:

	30 September 2024			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	284,466	10,915	-	295,381
Equities and other securities	31,901	19,366	-	51,267
	316,367	30,281	-	346,648
Derivative financial instruments (Note 14)	-	(1,373)	-	(1,373)
	31 December 2023 (Audited)			
	KD 000's			
	Level 1	Level 2	Level 3	Total
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
	30 September 2023			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	252,936	9,879	-	262,815
Equities and other securities	32,650	21,784	-	54,434
	285,586	31,663	-	317,249
Derivative financial instruments (Note 14)	-	7,707	-	7,707

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:

- Corporate and Retail banking provides a full range of lending, deposit and related banking services to domestic and international corporate and individual customers.
- 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 September 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	
	Nine months ended 30 September		Nine months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023	2024	2023
Net interest income	71,354	68,697	17,277	15,881	88,631	84,578
Net non interest income	34,688	32,418	9,831	9,384	44,519	41,802
Operating income	106,042	101,115	27,108	25,265	133,150	126,380
Impairment and other provisions	9,999	7,463	(6,354)	9,933	3,645	17,396
Net profit (loss) for the period	91,989	87,325	(3,441)	11,831	88,548	99,156
Assets	2,821,840	2,421,430	1,795,389	1,675,751	4,617,229	4,097,181
Liabilities	1,870,586	1,682,960	2,070,978	1,747,426	3,941,564	3,430,386

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

	(Audited)		
	30 September 2024	31 December 2023	30 September 2023
	KD 000's	KD 000's	KD 000's
Acceptances	196,685	121,936	77,412
Letters of credit	143,895	127,989	127,523
Letters of guarantee	1,695,283	1,588,770	1,613,423
Undrawn lines of credit	685,397	443,346	628,155
	2,721,260	2,282,041	2,446,513

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

30 September 2024	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	94	1,108	164,208
Interest rate swaps (held as fair value hedges)	899	3,030	270,896
Interest rate swaps (others)	26,226	24,454	266,844
	27,219	28,592	701,948

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

30 September 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
30 September 2023			
Forward foreign exchange contracts	2,832	2,889	329,625
Interest rate swaps (held as fair value hedges)	6,008	2	172,109
Interest rate swaps (others)	35,225	33,467	286,764
	44,065	36,358	788,498

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 3,937 thousand (31 December 2023: KD 3,790 thousand and 30 September 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 contract. This contract will also move to alternative reference rate on next interest re-set date.

16 SUBSEQUENT EVENT

Subsequent to the period ended 30 September 2024, and under the executive order of the execution department of the Ministry of justice issued on 2 September 2024 the sale of Boubyan Bank shares commenced for a period of three days effective 6 October 2024. The sale proceeds will be deposited with the Ministry of Justice, further, the management of the Group considers that the timing and amount of sale proceeds that will ultimately be distributed to the Bank is still virtually uncertain.