

Date: 6 August 2023
REF: CCG/062/2023

التاريخ: 6 أغسطس 2023
الإشارة: CCG/062/2023

Sirs, Boursa Kuwait
Sirs, Capital Markets Authority

السادة/ بورصة الكويت المحترمين
السادة/ هيئة أسواق المال المحترمين

According to chapter four (Disclosure of Material Information) of module ten (Disclosure and Transparency) of CMA Executive Bylaws of Law No. 7/2010 and its amendments.

وفقاً لأحكام الفصل الرابع (الإفصاح عن المعلومات الجوهرية) من الكتاب العاشر (الإفصاح والشفافية) من اللائحة التنفيذية للقانون رقم 7/2010 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتهما.

Please be informed that the Central Bank of Kuwait has approved the Bank's Interim Condensed Consolidated Financial Information for the period ended 30/6/2023.

نود الإفادة أن بنك الكويت المركزي قد وافق على المعلومات المالية المرحلية المكثفة المجمعة لمصرفنا للفترة المنتهية في 2023/6/30.

Kindly find attached Disclosure of Material Information Form and the Financial Results Form, along with a copy of the Central Bank of Kuwait letter issued in this regard.

ونرفق لكم نموذج الإفصاح عن المعلومات الجوهرية، ونموذج نتائج البيانات المالية، بالإضافة إلى صورة من كتاب الموافقة الصادر من بنك الكويت المركزي.

Best regards,

مع أطيب التمنيات،


تميم الميعان

مدير عام الالتزام والحوكمة

Tamim Al-Mean

GM – Compliance & Corporate Governance



نموذج الإفصاح عن المعلومات الجوهرية

Date	6/8/2023	2023/8/6	التاريخ
Name of the listed company	Commercial Bank of Kuwait (K.P.S.C)	البنك التجاري الكويتي (ش.م.ك.ع)	اسم الشركة المدرجة
Material information	Disclosure of the Bank's Interim Condensed Consolidated Financial Information for the period ended 30/6/2023.	الإفصاح عن المعلومات المالية المرحلية المكثفة المجمعة لمصرفنا للفترة المنتهية في 2023/6/30.	المعلومة الجوهرية
Significant effect of the material information on the financial position of the company	The Bank achieves net profit of KD 69,191,000	تحقيق البنك صافي ربح بمبلغ 69,191,000 د.ك.	أثر المعلومة الجوهرية على المركز المالي للشركة

يتم ذكر الأثر على المركز المالي في حال كانت المعلومة الجوهرية قابلة لقياس ذلك الأثر، ويستثنى الأثر المالي الناتج عن المناقصات والممارسات وما يشبهها من عقود.

إذا قامت شركة مدرجة من ضمن مجموعة بالإفصاح عن معلومة جوهرية تخصها ولها انعكاس مؤثر على باقي الشركات المدرجة من ضمن المجموعة، فإن واجب الإفصاح على باقي الشركات المدرجة ذات العلاقة يقتصر على ذكر المعلومة والأثر المالي المترتب على تلك الشركة بعينها.

Company Name	اسم الشركة
Commercial Bank of Kuwait K.P.S.C	البنك التجاري الكويتي - ش.م.ك.ع.

Second quarter results Ended on	2023-06-30	نتائج الربع الثاني المنتهي في
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Board of Directors Meeting Date	2023-07-11	تاريخ اجتماع مجلس الإدارة
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Required Documents	المستندات الواجب إرفاقها بالنموذج
Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided	نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات

التغيير (%)	فترة الستة اشهر المقارنة	فترة الستة اشهر الحالية	البيان
Change (%)	Six Month Comparative Period	Six Month Current Period	Statement
	2022-06-30	2023-06-30	
57.4%	43,950,000	69,191,000	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
65.8%	22.2	36.8	ربحية (خسارة) السهم الأساسية والمخففة Basic & Diluted Earnings per Share
5.6%	2,742,553,000	2,895,490,000	الموجودات المتداولة Current Assets
(1.8%)	4,324,145,000	4,247,262,000	إجمالي الموجودات Total Assets
(2.4%)	2,933,421,000	2,862,973,000	المطلوبات المتداولة Current Liabilities
2.8%	3,488,295,000	3,585,552,000	إجمالي المطلوبات Total Liabilities
(20.8%)	835,543,000	661,475,000	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
27.5%	65,257,000	83,207,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
33.5%	42,784,000	57,130,000	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
NA	لا يوجد خسائر متراكمة No Accumulated Losses	لا يوجد خسائر متراكمة No Accumulated Losses	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

التغيير (%)	الربع الثاني المقارن	الربع الثاني الحالي	البيان
Change (%)	Second quarter Comparative Period	Second quarter Current Period	Statement
	2022-06-30	2023-06-30	
103.1%	21,720,000	44,115,000	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
114.5%	11.0	23.6	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
21.9%	35,176,000	42,866,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
31.0%	22,852,000	29,947,000	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

Increase/Decrease in Net Profit (Loss) is due to	سبب ارتفاع/انخفاض صافي الربح (الخسارة)
Net profit for the period ended 30 June 2023 increased by KD 25,241,000 as compared to the corresponding period ended 30 June 2022 mainly due to higher net interest income and recoveries against provisions charged in previous periods that is partially got offset by higher operating expenses.	إن زيادة صافي الربح بمبلغ 25,241,000 دينار كويتي للفترتين المنتهيتين في 30 يونيو 2023 مقارنة بالفترتين المقابلتين المنتهيتين في 30 يونيو 2022 تعود بشكل أساسي إلى زيادة إيرادات الفوائد والاسترداد مقابل المخصصات التي كان قد تم تكوينها في فترات سابقة والتي عوضت بشكل جزئي الزيادة في المصاريف التشغيلية.

Total Revenue realized from dealing with related parties (value, KWD)	KD 96,316	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
Total Expenditures incurred from dealing with related parties (value, KWD)	KD 581,887	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)



Auditor Opinion		رأي مراقب الحسابات
1.	Unqualified Opinion <input checked="" type="checkbox"/>	1. رأي غير متحفظ
2.	Qualified Opinion <input type="checkbox"/>	2. رأي متحفظ
3.	Disclaimer of Opinion <input type="checkbox"/>	3. عدم إبداء الرأي
4.	Adverse Opinion <input type="checkbox"/>	4. رأي معاكس

In the event of selecting item No. 2, 3 or 4, the following table must be filled out, and this form is not considered complete unless it is filled.

بحال اختيار بند رقم 2 أو 3 أو 4 يجب تعبئة الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

نص رأي مراقب الحسابات كما ورد في التقرير	لا ينطبق / Not Applicable
شرح تفصيلي بالحالة التي استدعت مراقب الحسابات لإبداء الرأي	لا ينطبق / Not Applicable
الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات	لا ينطبق / Not Applicable
الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات	لا ينطبق / Not Applicable

Corporate Actions		استحقاقات الأسهم (الاجراءات المؤسسية)	
النسبة	القيمة		
12 Fils	22,071,253.860		توزيعات نقدية Cash Dividends
لا يوجد/ None	لا يوجد/ None		توزيعات أسهم منحة Bonus Share
لا يوجد/ None	لا يوجد/ None		توزيعات أخرى Other Dividend
لا يوجد/ None	لا يوجد/ None		عدم توزيع أرباح No Dividends
لا يوجد/ None	لا يوجد/ None	علاوة الإصدار Issue Premium	زيادة رأس المال Capital Increase
لا يوجد/ None	لا يوجد/ None		تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
		رئيس الجهاز التنفيذي	إلهام يسرى محفوظ



The Commercial Bank of Kuwait Group

Interim Condensed Consolidated Financial Information

**30 June 2023
(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 2023 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 2023 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 2023 that might have had a material effect on the business of the Bank or on its financial position.

Ali B. Al Wazzan
License No. 246A
Deloitte & Touche
Al-Wazzan & Co.
Kuwait

Dr Shuaib A. Shuaib
License No. 33A
RSM Albazie & Co.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

30 June 2023 (Unaudited)

		(Audited)	
	Note	30 June 2023 KD 000's	31 December 2022 KD 000's
			30 June 2022 KD 000's
ASSETS			
Cash and short term funds	4	753,618	1,032,417
Treasury and Central Bank bonds		185,792	166,450
Due from banks and other financial institutions	5	459,925	117,046
Loans and advances	6	2,385,665	2,311,379
Investment securities	7	334,546	588,922
Premises and equipment		30,752	29,490
Intangible assets		3,506	3,506
Other assets		93,458	74,935
TOTAL ASSETS		4,247,262	4,324,145
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		251,048	243,727
Due to other financial institutions		214,035	331,361
Customer deposits		2,265,255	2,065,963
Other borrowed funds	8	628,943	606,585
Other liabilities		226,271	240,659
TOTAL LIABILITIES		3,585,552	3,488,295
EQUITY			
Equity attributable to shareholders of the Bank			
Share capital		199,206	199,206
Treasury shares		(76,160)	(5,233)
Reserves		283,337	438,006
Retained earnings		233,021	203,564
		639,404	835,543
Proposed dividend		22,071	-
		661,475	835,543
Non-controlling interests		235	307
TOTAL EQUITY		661,710	835,850
TOTAL LIABILITIES AND EQUITY		4,247,262	4,324,145

Sheikh Ahmad Duajj Jaber Al Sabah
Chairman

Elham Y. Mahfouz
Elham Yousry Mahfouz
Chief Executive Officer

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Period ended 30 June 2023 (Unaudited)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2023	2022	2023	2022
		KD 000's	KD 000's	KD 000's	KD 000's
Interest income		54,125	28,369	105,051	52,193
Interest expense		(25,735)	(7,552)	(50,276)	(12,910)
NET INTEREST INCOME		28,390	20,817	54,775	39,283
Fees and commissions		11,027	10,457	21,578	20,185
Net gain from dealing in foreign currencies		1,613	1,976	4,279	3,798
Net (loss) gain from investment securities		(2)	10	64	54
Dividend income		1,659	1,817	2,160	1,817
Other operating income		179	99	351	120
OPERATING INCOME		42,866	35,176	83,207	65,257
Staff expenses		(7,525)	(7,888)	(13,617)	(14,276)
General and administrative expenses		(4,996)	(4,291)	(12,001)	(7,968)
Depreciation and amortisation		(398)	(145)	(459)	(229)
OPERATING EXPENSES		(12,919)	(12,324)	(26,077)	(22,473)
OPERATING PROFIT BEFORE PROVISIONS		29,947	22,852	57,130	42,784
Net reversal (charge) of impairment and other provisions	9	16,182	(181)	15,356	3,148
PROFIT BEFORE TAXATION AND CONTRIBUTIONS		46,129	22,671	72,486	45,932
Taxation and contributions		(2,009)	(941)	(3,284)	(1,962)
NET PROFIT FOR THE PERIOD		44,120	21,730	69,202	43,970
Attributable to:					
Shareholders of the Bank		44,115	21,720	69,191	43,950
Non-controlling interests		5	10	11	20
		44,120	21,730	69,202	43,970
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	10	23.6	11.0	36.8	22.2

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Period ended 30 June 2023 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2023 KD 000's	2022 KD 000's	2023 KD 000's	2022 KD 000's
Net profit for the period	44,120	21,730	69,202	43,970
OTHER COMPREHENSIVE INCOME				
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	5,758	(25,341)	4,205	15,321
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	908	(2,194)	1,497	(4,594)
Net gain (loss) on disposal transferred to income statement	114	(10)	145	(93)
	6,780	(27,545)	5,847	10,634
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	50,900	(5,815)	75,049	54,604
Attributable to:				
Shareholders of the Bank	50,893	(5,825)	75,130	54,584
Non-controlling interests	7	10	(81)	20
	50,900	(5,815)	75,049	54,604

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


INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2023 (Unaudited)

	KD 000's														
	Attributable to shareholders of the Bank														
	Share Capital	Proposed Bonus Shares	Treasury Shares	Reserves						Total Reserves	Retained Earnings	Proposed Dividend	Non-controlling		Total
Share Premium				Statutory Reserve	General Reserve	Treasury Shares Reserve	Property Revaluation Reserve	Investment Valuation Reserve	Total				Interests	Total	
Balance at 1 January 2022	199,206	-	(5,233)	66,791	115,977	17,927	-	24,043	202,634	427,372	159,614	39,618	820,577	287	820,864
Total comprehensive income for the period	-	-	-	-	-	-	-	-	10,634	10,634	43,950	-	54,584	20	54,604
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(39,618)	(39,618)	-	(39,618)
Balance at 30 June 2022	199,206	-	(5,233)	66,791	115,977	17,927	-	24,043	213,268	438,006	203,564	-	835,543	307	835,850
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)	-	-	-	-	-	-	-	-	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

Annual General Assembly of the shareholders held on 1 May 2023 approved to distribute cash dividend of 25 fils per share amounting to KD 47,298 thousand (2021: 39,618).

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

Investment valuation reserve includes a loss of KD 5,511 thousand (31 December 2022: KD 5,498 thousand and 30 June 2022: KD 5,509 thousand) arising from foreign currency translation of the Bank's investment in a foreign associate.

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

Period ended 30 June 2023 (Unaudited)

	Note	Six months ended	
		30 June	
		2023	2022
		KD 000's	KD 000's
OPERATING ACTIVITIES			
Profit before taxation and contributions		72,486	45,932
Adjustments for:			
Net (reversal) of impairment and other provisions	9	(15,356)	(3,148)
Income from investment securities		(2,224)	(1,871)
Foreign exchange (gain) on investment securities		(88)	(5,259)
Depreciation and amortisation		459	229
Cash flow before changes in operating assets and liabilities		55,277	35,883
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		(2,237)	11,002
Due from banks and other financial institutions		20,278	365,576
Loans and advances		39,023	(33,086)
Other assets		9,624	(34,809)
Due to banks		26,201	(116,799)
Due to other financial institutions		(59,708)	85,685
Customer deposits		(75,030)	(53,651)
Other liabilities		16,897	22,834
Net cash from operating activities		30,325	282,635
INVESTING ACTIVITIES			
Proceeds from disposal of investment securities		73,761	98,057
Acquisition of investment securities		(29,204)	(125,239)
Dividend income from investment securities		2,160	1,817
Proceeds from disposal of premises and equipment		241	288
Acquisition of premises and equipment		(86)	(148)
Net cash from (used in) investing activities		46,872	(25,225)
FINANCING ACTIVITIES			
Other borrowed funds		17,501	87,126
Purchase of treasury shares		(26,362)	-
Dividends paid		(47,298)	(39,618)
Net cash (used in) from financing activities		(56,159)	47,508
Net increase in cash and short term funds		21,038	304,918
Cash and short term funds at 1 January		732,625	727,532
Cash and short term funds at 30 June	4	753,663	1,032,450

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


NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023 (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 2023.

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

2 SIGNIFICANT 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 2022.

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 2022. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 2023 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 2023	31 December 2022	30 June 2022
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 2023 (Unaudited)

4 CASH AND SHORT TERM FUNDS

	30 June 2023	<i>(Audited)</i> 31 December 2022	30 June 2022
	KD 000's	KD 000's	KD 000's
Cash and cash items	149,430	274,839	202,553
Balances with the CBK	218,509	153,833	169,899
Deposits with banks maturing within seven days	385,724	303,953	659,998
	753,663	732,625	1,032,450
Less : Provision for impairment (ECL)	(45)	(70)	(33)
	753,618	732,555	1,032,417

5 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2023	<i>(Audited)</i> 31 December 2022	30 June 2022
	KD 000's	KD 000's	KD 000's
Placements with banks	399,736	412,620	68,142
Less: Provision for impairment (ECL)	(47)	(23)	(12)
	399,689	412,597	68,130
Loans and advances to banks	60,844	68,288	49,407
Less: Provision for impairment	(608)	(683)	(491)
	60,236	67,605	48,916
	459,925	480,202	117,046

6 LOANS AND ADVANCES

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.

Total available provision on credit facilities (cash and non cash) determined in accordance with the CBK rules on classification of credit facilities as at 30 June 2023 is KD 218,243 thousand (31 December 2022: KD 218,802 thousand and 30 June 2022: KD 218,457 thousand).

The ECL on credit facilities (cash and non cash) determined under IFRS 9 amounted to KD 78,504 thousand as at 30 June 2023 (31 December 2022: KD 82,548 thousand and 30 June 2022: KD 95,315 thousand).

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

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

30 June 2023 (Unaudited)

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 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	2,189,796	383,920	-	2,573,716
Non cash credit facilities	2,235,043	197,043	24,638	2,456,724
ECL provision for credit facilities	21,111	35,255	22,138	78,504
	31 December 2022 (Audited)			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	398,510	1,439	-	399,949
Good	1,033,762	105,228	-	1,138,990
Standard	698,867	237,687	-	936,554
Past due but not impaired	66,314	66,205	-	132,519
Impaired	-	-	-	-
Cash credit facilities	2,197,453	410,559	-	2,608,012
Non cash credit facilities	2,632,800	204,457	22,703	2,859,960
ECL provision for credit facilities	24,685	35,889	21,974	82,548
	30 June 2022			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	394,896	1,132	-	396,028
Good	949,979	129,552	-	1,079,531
Standard	637,894	187,373	1	825,268
Past due but not impaired	93,907	104,019	-	197,926
Impaired	-	-	-	-
Cash credit facilities	2,076,676	422,076	1	2,498,753
Non cash credit facilities	2,460,480	237,631	24,055	2,722,166
ECL provision for credit facilities	23,337	48,773	23,205	95,315

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

30 June 2023 (Unaudited)

Movement in ECL for Credit Facilities:

	30 June 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	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
ECL 30 June 2023	21,111	35,255	22,138	78,504
	30 June 2022			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
ECL 1 January 2022	22,989	44,716	26,432	94,137
Transfer to stage 1	225	(225)	-	-
Transfer to stage 2	(58)	58	-	-
Transfer to stage 3	-	-	-	-
Net charged	163	4,225	2,999	7,387
Written-off	-	-	(6,233)	(6,233)
Exchange difference	18	(1)	7	24
ECL 30 June 2022	23,337	48,773	23,205	95,315

7 INVESTMENT SECURITIES

- a) During 2008, the Bank acquired 221,425,095 shares of Boubyan Bank at a cost of KD 94,103 thousand under multiple purchase transactions, all of which were executed under the standard procedures adopted by Boursa Kuwait. However, at a subsequent date, and as a result of the availability of cash balances in the account of the parent company ("the Borrower") related to the five subsidiaries which sold the mentioned shares in Boursa Kuwait (we refer to the five subsidiaries companies below as "Appellants"), the Bank utilized these balances to close the loan due from the Borrower.

In 2009, the Borrower, along with the Appellants, filed a legal case challenging the Bank's ownership of the above mentioned shares. After years of legal proceeding in various courts, on 3 July 2022, the Court of Appeal issued a verdict and directed the Appellants to refund the amount due to the Bank as consideration for returning the shares. In view of this verdict, Bank derecognised the shares and recognised a receivables from each Appellant at value validated by the Court of Appeal in the interim condensed consolidated financial information as at 30 September 2022.

On 4 April 2023 one of the Appellants made a payment of KD 14,287 thousand to the Bank against transfer of 50,505 thousand shares of Boubyan Bank. The remaining shares are currently being held with Kuwait Clearing Company till the execution order issued by execution judge for transfer/sale of shares against payment to the Bank as per Appeal Court verdict.

- b) 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 2023 was KD 261,299 thousand (31 December 2022: 176,702 thousand and 30 June 2022: KD 148,896 thousand). The net loss of change in fair value of these securities resulting from changes in market interest rate (hedged risk) during the period was KD 15 thousand (30 June 2022: gain KD 5,620 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 2023 (Unaudited)

8 OTHER BORROWED FUNDS

Other borrowed funds include securities sold under agreements to repurchase amounting to KD 106,298 thousand (31 December 2022: KD 106,038 thousand and 30 June 2022: KD 106,263 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 2023, the fair value of investment securities that had been pledged as collateral under repurchase agreements was KD 73,974 thousand (31 December 2022: KD 96,888 thousand and 30 June 2022: KD 94,380 thousand). The collateralised borrowing transactions are conducted under standardised terms that are usual and customary for such transactions.

9 NET REVERSAL (CHARGE) OF IMPAIRMENT AND OTHER PROVISIONS

Net reversal of impairment and other provisions for the period ended 30 June 2023 amounted to KD 15,356 thousand (30 June 2022: KD 3,148 thousand) which mainly represent specific, general and other provisions against loans and advances and other financial assets after recoveries amounting to KD 11,724 thousand (30 June 2022: KD 12,257 thousand).

Impairment and other provisions includes released of ECL on financial assets other than loans and advances for the period ended 30 June 2023 amounting to KD 41 thousand (30 June 2022: charged of KD 4 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		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
Net profit for the period attributable to shareholders of the Bank (KD 000's)	44,115	21,720	69,191	43,950
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)	(121,996)	(11,139)	(111,129)	(11,139)
	1,870,060	1,980,917	1,880,927	1,980,917
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	23.6	11.0	36.8	22.2

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 2023			30 June 2022		
	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	3	3	2,228	2	1	1,868
Credit cards	4	1	15	3	1	3
Deposits	11	12	11,996	11	10	600
Executive Management						
Loans	45	2	1,918	27	1	1,145
Credit cards	36	-	56	25	1	38
Deposits	61	43	1,928	40	40	1,242
Associates						
Deposits	1	-	13,686	1	-	13,720
Major Shareholders						
Deposits	1	-	32	1	-	22

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

30 June 2023 (Unaudited)

Interest income and interest expense include KD 96 thousand (30 June 2022: KD 58 thousand) and KD 582 thousand (30 June 2022: KD 57 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	
	2023 KD 000's	2022 KD 000's
Salaries and other short-term benefits	807	1,094
Post employment benefits	13	13
End of service benefits	110	105

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.

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 June 2023			
	KD 000's			
	Level 1	Level 2	Level 3	Total
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
	31 December 2022 (Audited)			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	312,440	10,437	-	322,877
Equities and other securities	37,316	12,710	-	50,026
	349,756	23,147	-	372,903
Derivative financial instruments (Note 14)	-	11,893	-	11,893

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

30 June 2023 (Unaudited)

	30 June 2022			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	269,867	10,372	-	280,239
Equities and other securities	289,399	19,284	-	308,683
	559,266	29,656	-	588,922
Derivative financial instruments (Note 14)	-	12,639	-	12,639

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.

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	
	2023	2022	2023	2022	2023	2022
Net interest income	45,052	35,036	9,723	4,247	54,775	39,283
Net non interest income	21,632	19,747	6,800	6,227	28,432	25,974
Operating income	66,684	54,783	16,523	10,474	83,207	65,257
Impairment and other provisions	4,597	3,250	10,759	(102)	15,356	3,148
Net profit (loss) for the period	57,530	46,448	11,672	(2,478)	69,202	43,970
Assets	2,539,083	2,347,710	1,708,179	1,976,435	4,247,262	4,324,145
Liabilities	1,753,445	1,735,001	1,832,107	1,753,294	3,585,552	3,488,295

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023 (Unaudited)

(i) Financial instruments with contractual amounts representing credit risk

	30 June 2023	<i>(Audited)</i> 31 December 2022	30 June 2022
	KD 000's	KD 000's	KD 000's
Acceptances	113,665	113,129	36,765
Letters of credit	120,775	123,317	153,375
Letters of guarantee	1,630,526	1,584,664	1,501,520
Undrawn lines of credit	569,557	1,016,388	1,006,695
	2,434,523	2,837,498	2,698,355

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

	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
31 December 2022 (Audited)			
Forward foreign exchange contracts	6,314	1,983	304,725
Interest rate swaps (held as fair value hedges)	5,956	242	168,223
Interest rate swaps (others)	29,482	27,634	238,314
	41,752	29,859	711,262
30 June 2022			
Forward foreign exchange contracts	6,638	257	352,241
Interest rate swaps (held as fair value hedges)	4,332	20	139,337
Interest rate swaps (others)	26,090	24,144	238,818
	37,060	24,421	730,396

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 3,795 thousand (31 December 2022: KD 2,680 thousand and 30 June 2022: 2,675 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.

الإشارة : 5458/105/2

Date : التاريخ

..... الموافق 2 أغسطس 2023

المحترم
الفاضلة رئيس الجهاز التنفيذي
البنك التجاري الكويتي

تحية طيبة وبعد،

بالإشارة إلى كتاب مصرفكم المؤرخ 2023/7/12 والمرفق به البيانات المالية المرحلية المجمعة عن الفترة من 2023/1/1 حتى 2023/6/30. وعطفاً على الإيضاحات والبيانات التفصيلية الواردة إلينا في هذا الشأن والتي كان آخرها بتاريخ 2023/7/31.

نفيدكم بأن بنك الكويت المركزي قد أحيط علماً بما جاء في البيانات المشار إليها. كما نفيدكم بموافقة بنك الكويت المركزي على قيام مصرفكم بتوزيع أرباح نقدية عن النصف الأول من عام 2023 بنسبة 12% من القيمة الاسمية للسهم الواحد، أي بواقع إثنا عشر فلس لكل سهم.

وعليه فإنه يمكنكم اتخاذ كافة الإجراءات الضرورية المتبعة في مثل هذا الخصوص.

مع أطيب التمنيات،،،



عبدالحميد داود العوض