



**The Commercial Bank of Kuwait Group**

**Interim Condensed Consolidated Financial Information**

**30 June 2025  
(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 2025 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 2025 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 2025 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 2025 (Unaudited)

			<i>(Audited)</i>	
		<b>30 June</b>	31 December	30 June
		<b>2025</b>	2024	2024
	Note	KD 000's	KD 000's	KD 000's
<b>ASSETS</b>				
Cash and short term funds	4	764,598	1,024,854	1,115,104
Treasury and Central Bank bonds		114,155	86,461	159,235
Due from banks and other financial institutions	5	451,551	227,640	348,301
Loans and advances	6	2,791,880	2,806,909	2,740,348
Investment securities	7	572,256	423,166	320,853
Premises and equipment		21,785	28,698	30,016
Intangible assets		3,506	3,506	3,506
Other assets		139,313	64,667	53,450
<b>TOTAL ASSETS</b>		<b>4,859,044</b>	<b>4,665,901</b>	<b>4,770,813</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Due to banks		296,719	244,406	278,635
Due to other financial institutions		146,490	176,339	252,542
Customer deposits		2,501,244	2,489,763	2,535,897
Other borrowed funds	8	934,912	759,960	796,100
Other liabilities		244,159	249,707	239,226
<b>TOTAL LIABILITIES</b>		<b>4,123,524</b>	<b>3,920,175</b>	<b>4,102,400</b>
<b>EQUITY</b>				
<b>Equity attributable to shareholders of the Bank</b>				
Share capital		219,127	199,206	199,206
Proposed bonus shares		-	19,921	-
Treasury shares		(98,890)	(98,890)	(99,369)
Reserves		273,682	279,294	275,500
Retained earnings		317,620	274,161	271,297
Proposed dividend		711,539	673,692	646,634
		23,679	71,755	21,515
<b>Non-controlling interests</b>		<b>735,218</b>	<b>745,447</b>	<b>668,149</b>
		302	279	264
<b>TOTAL EQUITY</b>		<b>735,520</b>	<b>745,726</b>	<b>668,413</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,859,044</b>	<b>4,665,901</b>	<b>4,770,813</b>

Abdulrahman Abdulla Al Ali  
Deputy Chairman

Elham Yousry Mahfouz  
Chief Executive Officer

The attached notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

Period ended 30 June 2025 (Unaudited)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2025	2024	2025	2024
		KD 000's	KD 000's	KD 000's	KD 000's
Interest income		61,186	61,110	119,299	118,782
Interest expense		(30,392)	(31,230)	(59,314)	(59,438)
<b>NET INTEREST INCOME</b>		<b>30,794</b>	<b>29,880</b>	<b>59,985</b>	<b>59,344</b>
Fees and commissions		12,573	11,915	24,292	23,414
Net gain from dealing in foreign currencies		2,117	1,890	3,825	4,448
Net gain (loss) from investment securities		14	(66)	15	(69)
Dividend income		2,361	2,120	2,361	2,621
Other operating income		627	62	903	162
<b>OPERATING INCOME</b>		<b>48,486</b>	<b>45,801</b>	<b>91,381</b>	<b>89,920</b>
Staff expenses		(9,081)	(8,073)	(18,671)	(17,443)
General and administrative expenses		(6,104)	(4,827)	(11,930)	(10,958)
Depreciation and amortisation		(438)	(299)	(524)	(403)
<b>OPERATING EXPENSES</b>		<b>(15,623)</b>	<b>(13,199)</b>	<b>(31,125)</b>	<b>(28,804)</b>
<b>OPERATING PROFIT BEFORE PROVISIONS</b>		<b>32,863</b>	<b>32,602</b>	<b>60,256</b>	<b>61,116</b>
Net reversal of impairment and other provisions	9	981	3,324	2,957	4,500
<b>PROFIT BEFORE TAXATION AND CONTRIBUTIONS</b>		<b>33,844</b>	<b>35,926</b>	<b>63,213</b>	<b>65,616</b>
Taxation and contributions		(1,489)	(1,561)	(2,827)	(2,944)
<b>NET PROFIT FOR THE PERIOD</b>		<b>32,355</b>	<b>34,365</b>	<b>60,386</b>	<b>62,672</b>
<b>Attributable to:</b>					
Shareholders of the Bank		32,344	34,356	60,363	62,655
Non-controlling interests		11	9	23	17
		<b>32,355</b>	<b>34,365</b>	<b>60,386</b>	<b>62,672</b>
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	10	16.4	17.4	30.6	31.8

The attached notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Period ended 30 June 2025 (Unaudited)

	Three months ended 30 June		Six months ended 30 June	
	2025 KD 000's	2024 KD 000's	2025 KD 000's	2024 KD 000's
Net profit for the period	<b>32,355</b>	34,365	<b>60,386</b>	62,672
<b>OTHER COMPREHENSIVE INCOME (LOSS)</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>1,713</b>	(7,624)	<b>2,393</b>	(9,828)
Property revaluation loss	<b>(460)</b>	-	<b>(460)</b>	-
<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>(156)</b>	(619)	<b>(770)</b>	(186)
	<b>1,097</b>	(8,243)	<b>1,163</b>	(10,014)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>33,452</b>	26,122	<b>61,549</b>	52,658
<b>Attributable to:</b>				
Shareholders of the Bank	<b>33,442</b>	26,113	<b>61,526</b>	52,640
Non-controlling interests	<b>10</b>	9	<b>23</b>	18
	<b>33,452</b>	26,122	<b>61,549</b>	52,658

The attached notes 1 to 14 form an integral part of this interim condensed consolidated financial information.



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

Period ended 30 June 2025 (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 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 (loss) income	-	-	-	-	-	-	-	-	(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>
<b>Balance at 1 January 2025</b>	<b>199,206</b>	<b>19,921</b>	<b>(98,890)</b>	<b>66,791</b>	<b>115,977</b>	<b>17,927</b>	<b>49</b>	<b>24,100</b>	<b>54,450</b>	<b>279,294</b>	<b>274,161</b>	<b>71,755</b>	<b>745,447</b>	<b>279</b>	<b>745,726</b>
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(460)	1,623	1,163	60,363	-	61,526	23	61,549
Transfer of revaluation surplus on disposal	-	-	-	-	-	-	-	(6,775)	-	(6,775)	6,775	-	-	-	-
Dividend paid	19,921	(19,921)	-	-	-	-	-	-	-	-	-	(71,755)	(71,755)	-	(71,755)
Proposed dividend	-	-	-	-	-	-	-	-	-	-	(23,679)	23,679	-	-	-
<b>Balance at 30 June 2025</b>	<b>219,127</b>	<b>-</b>	<b>(98,890)</b>	<b>66,791</b>	<b>115,977</b>	<b>17,927</b>	<b>49</b>	<b>16,865</b>	<b>56,073</b>	<b>273,682</b>	<b>317,620</b>	<b>23,679</b>	<b>735,218</b>	<b>302</b>	<b>735,520</b>

Annual General Assembly of the shareholders held on 9 April 2025 approved to distribute final cash dividend of 40 fils per share (2023: 25 fils) and 10 bonus shares for every 100 shares held (2023: nil) for the year 2024.

The Board of Directors in their meeting held on 9 July 2025, recommends distribution of interim cash dividend of 12 fils per share (2024: 12 fils per share), to the registered shareholders, subject to regulatory approvals.

Investment valuation reserve includes a loss of KD 5,480 thousand (31 December 2024: KD 5,530 thousand and 30 June 2024: KD 5,504 thousand) arising from foreign currency translation of the Bank's investment in a foreign associate.

The attached notes 1 to 14 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

Period ended 30 June 2025 (Unaudited)

	Note	Six months ended	
		30 June	
		2025	2024
		KD 000's	KD 000's
<b>OPERATING ACTIVITIES</b>			
Profit before taxation and contributions		63,213	65,616
Adjustments for:			
Net reversal of impairment and other provisions	9	(2,957)	(4,500)
Income from investment securities		(2,376)	(2,552)
Foreign exchange (gain) loss on investment securities		(4,516)	1,737
Depreciation and amortisation		524	403
Cash flow before changes in operating assets and liabilities		53,888	60,704
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		(27,694)	17,652
Due from banks and other financial institutions		(223,965)	96,462
Loans and advances		18,790	(304,861)
Other assets		(66,578)	8,075
Due to banks		52,313	117,481
Due to other financial institutions		(29,849)	61,772
Customer deposits		11,481	335,561
Other liabilities		(22,531)	11,513
Net cash (used in) from operating activities		(234,145)	404,359
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale/maturity of investment securities		60,364	75,929
Acquisition of investment securities		(199,102)	(75,467)
Dividend income from investment securities		2,361	2,621
Proceeds from disposal of premises and equipment		7,754	88
Acquisition of premises and equipment		(677)	(279)
Net cash (used in) from investing activities		(129,300)	2,892
<b>FINANCING ACTIVITIES</b>			
Other borrowed funds		174,952	56,004
Dividends paid		(71,755)	(44,823)
Net cash from financing activities		103,197	11,181
Net (decrease) increase in cash and short term funds		(260,248)	418,432
Cash and short term funds at 1 January		1,024,865	696,699
<b>Cash and short term funds at 30 June</b>	4	<b>764,617</b>	<b>1,115,131</b>

The attached notes 1 to 14 form an integral part of this interim condensed consolidated financial information.


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

30 June 2025 (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 12 August 2025.

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 2024.

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 IFRS - Accounting 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 - Accounting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024. 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 2025.

**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 2025 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 2025	31 December 2024	30 June 2024
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 2025 (Unaudited)

**4 CASH AND SHORT TERM FUNDS**

	<b>30 June 2025 KD 000's</b>	<i>(Audited)</i> 31 December 2024 KD 000's	30 June 2024 KD 000's
Cash and cash items	<b>84,574</b>	63,739	179,492
Balances with the CBK	<b>280,389</b>	302,746	329,593
Deposits with banks maturing within seven days	<b>399,654</b>	658,380	606,046
	<b>764,617</b>	1,024,865	1,115,131
Less : Provision for impairment (ECL)	<b>(19)</b>	(11)	(27)
	<b>764,598</b>	1,024,854	1,115,104

Deposits with banks are classified as stage 1 at each reporting period. During the period, there were no movement between stages.

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

	<b>30 June 2025 KD 000's</b>	<i>(Audited)</i> 31 December 2024 KD 000's	30 June 2024 KD 000's
Placements with banks	<b>338,788</b>	121,067	163,762
Less: Provision for impairment (ECL)	<b>(60)</b>	(16)	(21)
	<b>338,728</b>	121,051	163,741
Loans and advances to banks	<b>114,309</b>	108,133	138,269
Amounts due from other financial institutions	-	-	48,000
Less: Provision for impairment	<b>(1,486)</b>	(1,544)	(1,709)
	<b>112,823</b>	106,589	184,560
	<b>451,551</b>	227,640	348,301

Due from banks and other financial institution are classified as stage 1 at each reporting period. During the period, there were no movement between stages.

**6 LOANS AND ADVANCES**

	<b>30 June 2025 KD 000's</b>	<i>(Audited)</i> 31 December 2024 KD 000's	30 June 2024 KD 000's
Loans and advances	<b>2,991,858</b>	3,016,049	2,931,531
Less: Provision for impairment	<b>(199,978)</b>	(209,140)	(191,183)
	<b>2,791,880</b>	2,806,909	2,740,348

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 43,250 thousand (31 December 2024: KD 46,406 thousand and 30 June 2024: KD 50,440 thousand) is included under other liabilities. The total provision for cash and non cash credit facilities in accordance with CBK rules amounted to KD 243,228 thousand as at 30 June 2025 (31 December 2024: KD 255,546 and 30 June 2024: KD 241,623 thousand)

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

30 June 2025 (Unaudited)

The ECL on credit facilities (cash and non cash) determined under IFRS 9 in accordance with the CBK guidelines amounted to KD 136,685 thousand as at 30 June 2025 (31 December 2024: KD 90,844 thousand and 30 June 2024: KD 96,947 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 2025			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	657,875	4,365	-	662,240
Good	1,232,093	63,298	-	1,295,391
Standard	755,145	111,975	-	867,120
Past due but not impaired	76,211	73,765	35	150,011
Impaired	-	-	17,096	17,096
Cash credit facilities	<u>2,721,324</u>	<u>253,403</u>	<u>17,131</u>	<u>2,991,858</u>
Non cash credit facilities	<u>2,800,009</u>	<u>141,117</u>	<u>35,756</u>	<u>2,976,882</u>
ECL provision for credit facilities	<u>41,622</u>	<u>44,473</u>	<u>50,590</u>	<u>136,685</u>
	31 December 2024 (Audited)			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	684,837	11,700	-	696,537
Good	1,124,838	103,636	-	1,228,474
Standard	713,262	255,946	-	969,208
Past due but not impaired	112,027	9,803	-	121,830
Impaired	-	-	-	-
Cash credit facilities	<u>2,634,964</u>	<u>381,085</u>	<u>-</u>	<u>3,016,049</u>
Non cash credit facilities	<u>2,642,261</u>	<u>163,268</u>	<u>37,855</u>	<u>2,843,384</u>
ECL provision for credit facilities	<u>29,318</u>	<u>23,974</u>	<u>37,552</u>	<u>90,844</u>
	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>

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

30 June 2025 (Unaudited)

**Movement in ECL for Credit Facilities:**

	<b>30 June 2025</b>			
	<b>KD 000's</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
ECL 1 January 2025	29,318	23,974	37,552	90,844
Transfer to stage 1	5,172	(5,172)	-	-
Transfer to stage 2	(226)	226	-	-
Transfer to stage 3	(83)	(333)	416	-
Net charged	7,444	25,778	99,648	132,870
Written-off	-	-	(87,026)	(87,026)
Exchange difference	(3)	-	-	(3)
<b>ECL 30 June 2025</b>	<b>41,622</b>	<b>44,473</b>	<b>50,590</b>	<b>136,685</b>
	<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>

**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 June 2025 was KD 471,135 thousand (31 December 2024: KD 292,305 thousand and 30 June 2024 was KD 174,638 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 4,096 thousand (30 June 2024: gain KD 212 thousand). The changes in the fair value related to hedged risk during the period was recognised in the interim condensed consolidated statement of income.


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**8 OTHER BORROWED FUNDS**

Other borrowed funds include securities sold under agreements to repurchase amounting to KD 266,827 thousand (31 December 2024: KD 223,714 thousand and 30 June 2024: KD 222,722 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 2025, the fair value of investment securities that had been pledged as collateral under repurchase agreements was KD 300,929 thousand (31 December 2024: KD 252,815 thousand and 30 June 2024: KD 248,320 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 2025 amounting to KD 100,000 thousand (31 December 2024: 100,000 thousand and 30 June 2024: KD 50,000 thousand). 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 REVERSAL OF IMPAIRMENT AND OTHER PROVISIONS**

Net reversal of impairment and other provisions for the period ended 30 June 2025 amounted to KD 2,957 thousand (30 June 2024: KD 4,500 thousand) which mainly represent specific, general and other provisions against loans and advances and other financial assets after recoveries amounting to KD 81,522 thousand (30 June 2024: KD 14,945 thousand).

Impairment and other provisions includes release of ECL on financial assets other than loans and advances for the period ended 30 June 2025 amounting to KD 11 thousand (30 June 2024: KD 7 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	
	2025	2024	2025	2024
Net profit for the period attributable to shareholders of the Bank (KD 000's)	<b>32,344</b>	34,356	<b>60,363</b>	62,655
Weighted average of authorised and subscribed shares (numbers in 000's)	<b>2,191,262</b>	2,191,262	<b>2,191,262</b>	2,191,262
Less: Weighted average of treasury shares held (numbers in 000's)	<b>(217,989)</b>	(219,047)	<b>(217,989)</b>	(219,047)
	<b>1,973,273</b>	1,972,215	<b>1,973,273</b>	1,972,215
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	<b>16.4</b>	17.4	<b>30.6</b>	31.8

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**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 2025			30 June 2024		
	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	-	76	2	-	75
Credit cards	4	1	22	4	1	17
Deposits	11	7	1,477	11	9	1,440
Contingent liabilities	4	2	269	4	2	269
Directors' remuneration	11	-	294	11	-	263
<b>Executive Management</b>						
Loans	33	5	1,529	51	4	2,109
Credit cards	29	2	48	47	-	58
Deposits	45	37	3,550	68	51	2,054
Contingent liabilities	36	3	131	45	2	138
<b>Associates</b>						
Deposits	1	-	13,501	1	-	13,605
<b>Major Shareholders</b>						
Deposits	1	-	126	1	-	95

Interest income and interest expense include KD 21 thousand (30 June 2024: KD 27 thousand) and KD 386 thousand (30 June 2024: KD 551 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	
	2025 KD 000's	2024 KD 000's
Salaries and other short-term benefits	1,280	1,137
Post employment benefits	13	16
End of service benefits	101	98

**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


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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:

<b>30 June 2025</b>				
KD 000's				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities	507,573	10,572	-	518,145
Equities and other securities	31,578	22,533	-	54,111
	<b>539,151</b>	<b>33,105</b>	<b>-</b>	<b>572,256</b>
<b>31 December 2024 (Audited)</b>				
KD 000's				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities	360,887	10,544	-	371,431
Equities and other securities	30,980	20,755	-	51,735
	<b>391,867</b>	<b>31,299</b>	<b>-</b>	<b>423,166</b>
<b>30 June 2024</b>				
KD 000's				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Debt securities	260,079	10,839	-	270,918
Equities and other securities	30,587	19,348	-	49,935
	<b>290,666</b>	<b>30,187</b>	<b>-</b>	<b>320,853</b>

During the period ended 30 June 2025, 31 December 2024 and 30 June 2024, there were no transfers between level 1, level 2 and

**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.


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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	
	2025	2024	2025	2024	2025	2024
Net interest income	48,227	47,179	11,758	12,165	59,985	59,344
Net non interest income	23,867	23,177	7,529	7,399	31,396	30,576
Operating income	72,094	70,356	19,287	19,564	91,381	89,920
Impairment and other provisions	7,384	10,692	(4,427)	(6,192)	2,957	4,500
Net profit (loss) for the period	64,540	65,339	(4,154)	(2,667)	60,386	62,672
Assets	2,947,214	2,875,658	1,911,830	1,895,155	4,859,044	4,770,813
Liabilities	1,894,738	1,917,740	2,228,786	2,184,660	4,123,524	4,102,400

**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 2025	<i>(Audited)</i> 31 December 2024	30 June 2024
	KD 000's	KD 000's	KD 000's
Acceptances	222,557	268,224	157,837
Letters of credit	135,097	140,027	153,709
Letters of guarantee	1,755,454	1,698,532	1,660,372
Undrawn lines of credit	820,524	690,195	481,959
	<b>2,933,632</b>	<b>2,796,978</b>	<b>2,453,877</b>

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

30 June 2025	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	825	2,389	357,506
Interest rate swaps (held as fair value hedges)	690	3,279	466,115
Interest rate swaps (others)	25,767	23,812	373,588
	<b>27,282</b>	<b>29,480</b>	<b>1,197,209</b>


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	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
31 December 2024 (Audited)			
Forward foreign exchange contracts	2,293	503	224,222
Interest rate swaps (held as fair value hedges)	2,300	787	314,411
Interest rate swaps (others)	28,192	26,564	269,778
	<u>32,785</u>	<u>27,854</u>	<u>808,411</u>
	<u><u>32,785</u></u>	<u><u>27,854</u></u>	<u><u>808,411</u></u>
	KD 000's		
	Positive Fair Value	Negative Fair Value	Notional Amount
30 June 2024			
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
	<u>32,896</u>	<u>28,804</u>	<u>663,718</u>
	<u><u>32,896</u></u>	<u><u>28,804</u></u>	<u><u>663,718</u></u>

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 4,858 thousand (31 December 2024: KD 4,709 thousand and 30 June 2024: 3,887 thousand) have been provided.