

TRANSLATION

Date: 18 February 2020
REF: CCG/33/2020

Sirs, Bursa Kuwait

Greetings,

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

Please be informed that the Central Bank of Kuwait has approved the Bank's Financial Statements for the year ended 31/12/2019. 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.

Best regards,

Tamim Khaled Al Mean
GM, Compliance & CG



Copy to:
CMA / Manager, Disclosure Department

NOTE: This is a translation of the original for and binding Arabic text. In case of any difference between the Arabic and the English text, the Arabic text will be prevailing.

TRANSTATION

Annex (11)

Disclosure of Material Information Form

Date	18 February 2020
Name of the Listed Company	Commercial Bank of Kuwait (K.P.S.C)
Material Information	Disclosure of the Bank's Financial Results for the year ended 31/12/2019.
Significant Effect of the material information on the financial position of the company	No profit recorded for the year ended 31/12/2019, and no distributions of dividends for such year.

Significant Effect on the financial position shall be mentioned if the material information can measure that effect, excluding the financial effect resulting from tenders or similar contracts.

If a Listed Company, which is a member of a Group, disclosed some material information related to it and has Significant Effect on other listed companies' which are members of the same Group, the other companies' disclosure obligations are limited to disclosing the information and the financial effect occurring to that company itself.

NOTE: This is a translation of the original for and binding Arabic text. In case of any difference between the Arabic and the English text, the Arabic text will be prevailing.

Financial Results Form
Kuwaiti Company(KWD)

نموذج نتائج البيانات المالية
الشركات الكويتية (د.ك.)

Financial Year Ended on

2019-12-31

نتائج السنة المالية المنتهية في

Company Name	اسم الشركة
The Commercial Bank of Kuwait Group K.P.S.C	مجموعة البنك التجاري الكويتي - ش.م.ك.ع.
Board of Directors Meeting Date	تاريخ اجتماع مجلس الإدارة
2020-02-04	
Required Documents	المستندات الواجب إرفاقها بالنموذج
<input checked="" type="checkbox"/> Approved financial statements	<input checked="" type="checkbox"/> نسخة من البيانات المالية المعتمدة
<input checked="" type="checkbox"/> Approved auditor's report	<input checked="" type="checkbox"/> نسخة من تقرير مراقب الحسابات المعتمد

التغيير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2018-12-31	2019-12-31	
(100%)	63,751,000	0	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
(100%)	32.2	0	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
4.5%	3,278,353,000	3,424,991,000	الموجودات المتداولة Current Assets
9.1%	4,467,545,000	4,873,228,000	إجمالي الموجودات Total Assets
14.9%	3,308,930,000	3,801,876,000	المطلوبات المتداولة Current Liabilities
10.8%	3,737,688,000	4,140,511,000	إجمالي المطلوبات Total Liabilities
0.4%	729,024,000	731,828,000	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
5.1%	150,927,000	158,686,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
2.3%	106,060,000	108,522,000	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
-	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 (%) Change (%)	الربع الرابع المقارن	الربع الرابع الحالي	البيان Statement
	Comparative Year 2018-12-31	Current Year 2019-12-31	
(134.3%)	48,519,000	(16,623,000)	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
(134.7%)	24.5	(8.5)	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings/(Loss) per Share
(0.9%)	36,771,000	36,441,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
(4.2%)	24,573,000	23,538,000	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 result for the year ended 31st December 2019 is lower than comparative year 2018 mainly due to increase in impairment and other provision, which has partially offset by increase in net interest income and non interest income.	تراجع صافي النتائج للسنة المنتهية في 31 ديسمبر 2019 مقارنة بالنتائج المحققة لعام 2018 ويرجع ذلك بشكل رئيسي إلى ارتفاع مخصصات هبوط القيمة والمخصصات الأخرى والتي تم موازنتها بشكل جزئي مع الزيادة في صافي إيرادات الفوائد والإيرادات غير الناتجة عن الفوائد.
Total Revenue realized from dealing with related parties (value, KWD)	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
KD 38,452	د.ك ٣٨,٤٥٢
Total Expenditures incurred from dealing with related parties (value, KWD)	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
KD 1,331,704	د.ك ١,٣٣١,٧٠٤

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

The Company's comments in case the auditor has concerns or a qualified opinion	تعقيب الشركة في حال قيام مراقب الحسابات بإبداء ملاحظات أو تحفظات
None	لا يوجد

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

Attach a copy of the financial statements approved by the Board of Directors and the approved auditor's report

يجب ارفاق نسخة البيانات المالية المعتمدة من مجلس الإدارة وتقرير مراقب الحسابات المعتمد

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL BANK OF KUWAIT K.P.S.C.

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Commercial Bank of Kuwait K.P.S.C. (the "Bank") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities, under those standards, are further described in the Auditors' responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Key Audit Matters (continued)

We have identified the following key audit matter:

Impairment of loans and advances

The recognition of credit losses on loans and advances to customers is the higher of Expected Credit Loss ("ECL") under International Financial Reporting Standard 9: Financial Instruments ("IFRS 9"), determined in accordance with Central Bank of Kuwait (the "CBK") guidelines, and the provision required by the CBK rules on classification of credit facilities and calculation of their provision ("the CBK rules") as disclosed in the accounting policies to the consolidated financial statements.

Recognition of ECL under IFRS 9, determined in accordance with CBK guidelines, is a new and complex accounting policy, which requires considerable judgement in its implementation. ECL is dependent on management's judgement in assessing significant increase in credit risk and classification of credit facilities into various stages, determining when a default has occurred, development of models for assessing the probability of default of customers and estimating cash flows from recovery procedures or realization of collateral. Recognition of specific provision on impaired facility under the CBK rules is based on the instructions by CBK on the minimum provision to be recognized together with any additional provision to be recognised based on management estimate of expected cash flows related to that credit facility.

Due to the significance of credit facilities and the related estimation uncertainty and judgement in the impairment calculation, this was considered as a key audit matter.

Our audit procedures included assessing the design and implementation of controls over inputs and assumptions used by the Group in developing the models, its governance and review controls performed by the management in determining the adequacy of credit losses.

With respect to the ECL based on IFRS 9, determined in accordance with the CBK guidelines, we have selected samples of credit facilities outstanding as at the reporting date and checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of the credit facilities into various stages. For a sample of credit facilities, we have checked the appropriateness of the Group's staging criteria, Exposure at Default ("EAD") Probability of Default ("PD") and Loss Given Default ("LGD") including the eligibility and value of collateral considered in the ECL models used by the Group to determine ECL. We have also checked the consistency of various inputs and assumptions used by the Group's management to determine ECL.

Further, for the CBK rules provision requirements, we have assessed the criteria for determining whether there is a requirement to calculate any credit loss in accordance with the related regulations and, if required, it has been computed accordingly. For the samples selected, we have verified whether all impairment events have been identified by the Group's management. For the selected samples which also included impaired credit facilities, we have assessed the valuation of collateral and checked the resultant provision calculations.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Other information included in the Annual Report of the Group for the year ended 31 December 2019

Management is responsible for the other information. Other information consists of the information included in the Group's 2019 Annual Report, other than the consolidated financial statements and our auditors' report thereon.

We obtained the report of the Bank's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists, related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COMMERCIAL BANK OF KUWAIT K.P.S.C. (continued)

Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Bank and the consolidated financial statements, together with the contents of the report of the Bank's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Capital Adequacy Regulations and Financial Leverage Ratio Regulations issued by the Central Bank of Kuwait ("CBK") as stipulated in CBK Circular Nos. 2/RB, RBA/336/2014 dated 24 June 2014 and 2/BS/342/2014 dated 21 October 2014 respectively, the Companies Law No 1 of 2016, as amended, its executive regulations; and by the Bank's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Capital Adequacy Regulations and Financial Leverage Ratio Regulations issued by the CBK as stipulated in CBK Circular Nos. 2/RB, RBA /336/2014 dated 24 June 2014 and 2/BS/342/2014 dated 21 October 2014 respectively, the Companies Law No 1 of 2016, as amended, and its executive regulations; or of the Bank's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2019 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 audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the CBK and the organisation of banking business, and its related regulations during the year ended 31 December 2019 that might have had a material effect on the business of the Bank or on its financial position.



Talal Y. Al-Muzaini
License No. 209 A
Deloitte & Touche
Al-Wazzan & Co.



Nayef M. Al-Bazie
License No. 91A
RSM Albazie & Co.

4 February 2020
Kuwait



The Commercial Bank of Kuwait Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2019

	Note	2019 KD 000's	2018 KD 000's
ASSETS			
Cash and short term funds	3	856,901	858,825
Treasury and Central Bank bonds	4	248,806	331,747
Due from banks and other financial institutions	5	880,415	370,366
Loans and advances	6	2,266,662	2,253,070
Investment securities	7	559,960	548,788
Premises and equipment		29,375	28,522
Intangible assets	9	3,506	3,506
Other assets	10	27,603	72,721
TOTAL ASSETS		4,873,228	4,467,545
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		585,382	347,100
Due to other financial institutions		709,107	880,881
Customer deposits		2,452,930	2,291,890
Other borrowed funds		189,944	57,675
Other liabilities	11	203,148	160,142
TOTAL LIABILITIES		4,140,511	3,737,688
EQUITY			
Equity attributable to shareholders of the Bank			
Share capital		199,206	181,096
Proposed bonus shares		-	18,110
Treasury shares		(21,690)	(4,578)
Reserves		370,219	314,327
Retained earnings		184,093	184,093
		731,828	693,048
Proposed dividend		-	35,976
		731,828	729,024
Non-controlling interests		889	833
TOTAL EQUITY	12	732,717	729,857
TOTAL LIABILITIES AND EQUITY		4,873,228	4,467,545

Sheikh Ahmad Duajj Jaber Al Sabah
Chairman

Elham Y. Mahfouz
Elham Yousry Mahfouz
Chief Executive Officer

The attached notes 1 to 23 form part of these consolidated financial statements.



	Note	2019 KD 000's	2018 KD 000's
Interest income		166,808	143,771
Interest expense		(69,527)	(49,914)
NET INTEREST INCOME		97,281	93,857
Fees and commissions		42,520	40,804
Net gain from dealing in foreign currencies		7,199	7,149
Net gain from investment securities		203	156
Dividend income		4,558	4,753
Loss on disposal of assets pending sale		(36)	(106)
Other operating income		6,961	4,314
OPERATING INCOME		158,686	150,927
Staff expenses		(27,952)	(24,007)
General and administration expenses		(18,033)	(20,569)
Depreciation and amortisation		(4,179)	(291)
OPERATING EXPENSES		(50,164)	(44,867)
OPERATING PROFIT BEFORE PROVISIONS		108,522	106,060
Impairment and other provisions	13	(108,462)	(39,390)
PROFIT BEFORE TAXATION		60	66,670
Taxation	14	-	(2,900)
NET PROFIT FOR THE YEAR		60	63,770
Attributable to:			
Shareholders of the Bank		-	63,751
Non-controlling interests		60	19
		60	63,770
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	15	-	32.2

The attached notes 1 to 23 form part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Year ended 31 December 2019

	2019 KD 000's	2018 KD 000's
Net profit for the year	60	63,770
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to consolidated statement of income		
Equity securities classified as fair value through other comprehensive income:		
Net changes in fair value	53,010	43,557
Property revaluation gain (loss)	775	(516)
Items that are or may be reclassified subsequently to consolidated statement of income		
Debt securities classified as fair value through other comprehensive income:		
Net changes in fair value	2,173	(2,449)
Net loss on disposal transferred to income statement	(70)	(4)
	<u>55,888</u>	<u>40,588</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	55,948	104,358
Attributable to:		
Shareholders of the Bank	55,892	104,340
Non-controlling interests	56	18
	<u>55,948</u>	<u>104,358</u>

The attached notes 1 to 23 form part of these consolidated financial statements.



بنك الكويت المركزي



د. محمد يوسف الهاشل
المحافظ

التاريخ: 24 جمادى الآخرة 1441
الموافق: 18 فبراير 2020
الإشارة: 2020/1773/105/2

الأخ الفاضل الشيخ أحمد دعيج جابر الصباح
رئيس مجلس إدارة البنك التجاري الكويتي

تحية طيبة وبعد ،

بالإشارة إلى كتاب مصرفكم المؤرخ 2020/2/4 المرفق به نسخة من البيانات المالية الختامية
المجمعة لمصرفكم لعام 2019 ، وعطفاً على البيانات والايضاحات الواردة إلينا في هذا
الخصوص التي كان آخرها بتاريخ 2020/2/13 .

أود الإفادة بأنه بناءً على ما انتهت إليه دراسة البيانات المشار إليها ، فإنه لا يوجد لدينا
ملاحظات في هذا الشأن .

وبناءً على ما تقدم ، فإنه يمكن لمصرفكم اتخاذ الإجراءات اللازمة مع الجهات المختصة لعقد
الجمعية العامة للبنك .

مع أطيب التحيات .

د. محمد يوسف الهاشل

1774 - نسخة هيئة أسواق المال .

1775 - نسخة لبورصة الكويت .