

Date: 8 May 2022
REF: CCG/033/2022

التاريخ : 8 مايو 2022
الإشارة : CCG/033/2022

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 rulebook ten (Disclosure and Transparency) of CMA Executive Byelaws 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 31/3/2022.

نود الإفادة أن بنك الكويت المركزي قد وافق على البيانات المالية المرحلية المكثفة المجمعة لمصرفنا للفترة المنتهية في 2022/3/31.

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



Annex (10)	Disclosure of Material Information Form
Date	8 May 2022
Name of the listed company	Commercial Bank of Kuwait (K.P.S.C)
Material information	Disclosure of the Bank's Interim Condensed Consolidated Financial Information for the period ended 31/3/2022.
Significant effect of the material information on the financial position of the company	The Bank achieves net profit of KD 22,230,000

ملحق رقم (10)	نموذج الإفصاح عن المعلومات الجوهرية
التاريخ	8 مايو 2022
اسم الشركة المدرجة	البنك التجاري الكويتي (ش.م.ك.ع)
المعلومة الجوهرية	الإفصاح عن النتائج المالية المرحلية المكثفة المجمعة لمصرفنا للفترة المنتهية في 2022/3/31.
أثر المعلومة الجوهرية على المركز المالي للشركة	تحقيق البنك صافي ربح بمبلغ 22,230,000 د.ك.

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.

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.

Select from the list	2022-03-31	اختر من القائمة
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Board of Directors Meeting Date	2022-04-28	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 إرفاق هذه المستندات

التغيير (%)	فترة الثلاث اشهر المقارنة	فترة الثلاث اشهر الحالية	البيان
Change (%)	Three Month Comparative Period	Three Month Current Period	Statement
	2021-03-31	2022-03-31	
55,475.0%	40,000	22,230,000	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
56,000.0%	0.02	11.22	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
(7.8%)	2,849,850,000	2,627,340,000	الموجودات المتداولة Current Assets
(1.3%)	4,260,623,000	4,206,591,000	إجمالي الموجودات Total Assets
(7.8%)	3,061,754,000	2,823,454,000	المطلوبات المتداولة Current Liabilities
(6.7%)	3,563,605,000	3,325,308,000	إجمالي المطلوبات Total Liabilities
26.6%	696,066,000	880,986,000	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
(3.1%)	31,051,000	30,081,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
(8.1%)	21,682,000	19,932,000	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 (%)	اختر من القائمة	اختر من القائمة	البيان Statement
Change (%)	First Quarter Comparative Period	First Quarter Current Period	
	2021-03-31	2022-03-31	
لا ينطبق - NA	لا ينطبق - NA	لا ينطبق - NA	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
لا ينطبق - NA	لا ينطبق - NA	لا ينطبق - NA	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
لا ينطبق - NA	لا ينطبق - NA	لا ينطبق - NA	إجمالي الإيرادات التشغيلية Total Operating Revenue
لا ينطبق - NA	لا ينطبق - NA	لا ينطبق - NA	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 31 March 2022 increased by KD 22,190,000 as compared to the corresponding period ended 31 March 2021 mainly due to lower provision charge and recoveries against previously written off loans, which is partially offset by decrease in interest income, operating income and increase in operating expenses.	إن زيادة صافي الربح بمبلغ 22,190,000 دينار كويتي للفترة المنتهية في 31 مارس 2022 مقارنة بالفترة المقابلة المنتهية في 31 مارس 2021 تعود بشكل أساسي إلى انخفاض حجم المخصصات وزيادة الاستردادات مقابل القروض التي كان قد تم استنزائها من سجلات البنك والتي عوضت بشكل جزئي الانخفاض في إيرادات الفوائد والإيرادات التشغيلية والزيادة في المصاريف التشغيلية.

Total Revenue realized from dealing with related parties (value, KWD)	KD 11,402	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
Total Expenditures incurred from dealing with related parties (value, KWD)	KD 22,620	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

لا ينطبق /Not Applicable	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



Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
لا يوجد/ None	لا يوجد/ None	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	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

**31 March 2022
(Unaudited)**



**Deloitte & Touche
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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 31 March 2022 and the related interim condensed consolidated statements of income, comprehensive income changes in equity, and cash flows for the three-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 three-month period ended 31 March 2022 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 three-month period ended 31 March 2022 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.

08 May 2022



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022 (Unaudited)

		(Audited)	
	Note	31 March 2022 KD 000's	31 December 2021 KD 000's
		31 March 2021 KD 000's	
ASSETS			
Cash and short term funds	4	855,174	727,513
Treasury and Central Bank bonds		159,335	177,452
Due from banks and other financial institutions	5	209,236	482,586
Loans and advances	6	2,288,232	2,278,078
Investment securities	7	613,046	551,303
Premises and equipment		29,173	28,922
Intangible assets		3,506	3,506
Other assets		48,889	40,206
TOTAL ASSETS		4,206,591	4,289,566
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks		199,483	360,526
Due to other financial institutions		247,055	245,676
Customer deposits		2,111,583	2,119,614
Other borrowed funds	8	547,666	519,459
Other liabilities		219,521	223,427
TOTAL LIABILITIES		3,325,308	3,468,702
EQUITY			
Equity attributable to shareholders of the Bank			
Share capital		199,206	199,206
Proposed bonus shares		-	27,107
Treasury shares		(5,233)	(5,233)
Reserves		465,551	427,372
Retained earnings		181,844	159,614
		841,368	780,959
Proposed dividend		39,618	39,618
		880,986	820,577
Non-controlling interests		297	287
TOTAL EQUITY		881,283	820,864
TOTAL LIABILITIES AND EQUITY		4,206,591	4,289,566

Abdulrahman Abdulla Al Ali
Deputy Chairman

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 31 March 2022 (Unaudited)

	Note	Three months ended 31 March	
		2022 KD 000's	2021 KD 000's
Interest income		23,824	25,506
Interest expense		(5,358)	(6,044)
NET INTEREST INCOME		18,466	19,462
Fees and commissions		9,728	9,163
Net gain from dealing in foreign currencies		1,822	1,408
Net gain from investment securities		44	521
Dividend income		-	289
Other operating income		21	208
OPERATING INCOME		30,081	31,051
Staff expenses		(6,388)	(5,878)
General and administrative expenses		(3,677)	(3,375)
Depreciation and amortisation		(84)	(116)
OPERATING EXPENSES		(10,149)	(9,369)
OPERATING PROFIT BEFORE PROVISIONS		19,932	21,682
Net reversal (charge) of impairment and other provisions	9	3,329	(21,623)
PROFIT BEFORE TAXATION		23,261	59
Taxation		(1,021)	-
NET PROFIT FOR THE PERIOD		22,240	59
Attributable to:			
Shareholders of the Bank		22,230	40
Non-controlling interests		10	19
		22,240	59
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	10	11.2	0.0

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 31 March 2022 (Unaudited)

	Three months ended 31 March	
	2022 KD 000's	2021 KD 000's
Net profit for the period	22,240	59
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	40,662	3,382
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	(2,400)	991
Net loss on disposal transferred to interim condensed consolidated income statement	(83)	(238)
	38,179	4,135
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	60,419	4,194
Attributable to:		
Shareholders of the Bank	60,409	4,175
Non-controlling interests	10	19
	60,419	4,194

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



The Commercial Bank of Kuwait Group

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2022 (Unaudited)

	Attributable to shareholders of the Bank											Total			
	Reserves														
	Share Capital	Proposed Bonus Shares	Treasury Shares	Share Premium	Statutory Reserve	General Reserve	Treasury Shares Reserve	Property Revaluation Reserve	Investment Valuation Reserve	Total Reserves	Retained Earnings		Proposed Dividend	Non-controlling Interests	
Balance at 1 January 2021	199,206	27,107	(32,340)	66,791	115,977	17,927	-	24,095	128,920	353,710	144,208	-	691,891	933	692,824
Total comprehensive income for the period	-	-	-	-	-	-	-	-	4,135	4,135	40	-	4,175	19	4,194
Balance at 31 March 2021	199,206	27,107	(32,340)	66,791	115,977	17,927	-	24,095	133,055	357,845	144,248	-	696,066	952	697,018
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	-	-	-	-	-	-	-	-	38,179	38,179	22,230	-	60,409	10	60,419
Balance at 31 March 2022	199,206	-	(5,233)	66,791	115,977	17,927	-	24,043	240,813	465,551	181,844	39,618	880,986	297	881,283

Annual General Assembly of the shareholders held on 13 April 2022 approved to distribute cash dividend of 20 fils per share amounting to KD 39,618 thousand (2020: nil) and nil bonus shares (2020: nil) and nil bonus shares from the treasury shares held by the Bank).

Investment valuation reserve includes a loss of KD 5,459 thousand (31 December 2021: KD 5,434 thousand and 31 March 2021: KD 5,432 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 31 March 2022 (Unaudited)

	Note	Three months ended	
		31 March	
		2022	2021
		KD 000's	KD 000's
OPERATING ACTIVITIES			
Profit before taxation		23,261	59
Adjustments for:			
Net (reversal) charge of impairment and other provisions	9	(3,329)	21,623
Income from investment securities		(44)	(810)
Foreign exchange (gain) loss on investment securities		(2,171)	429
Depreciation and amortisation		84	116
Profit before changes in operating assets and liabilities		17,801	21,417
Changes in operating assets and liabilities:			
Treasury and Central Bank bonds		18,117	(1,030)
Due from banks and other financial institutions		273,380	37,179
Loans and advances		(9,527)	(13,638)
Other assets		(8,682)	8,403
Due to banks		(161,043)	129,335
Due to other financial institutions		1,379	(151,370)
Customer deposits		(8,031)	(124,985)
Other liabilities		1,095	(7,827)
Net cash from (used in) operating activities		124,489	(102,516)
INVESTING ACTIVITIES			
Proceeds from disposal of investment securities		60,698	44,448
Acquisition of investment securities		(85,720)	(17,470)
Dividend income from investment securities		-	289
Proceeds from disposal of premises and equipment		288	399
Acquisition of premises and equipment		(274)	(53)
Net cash (used in) from investing activities		(25,008)	27,613
FINANCING ACTIVITIES			
Other borrowed funds		28,207	25,866
Net cash from financing activities		28,207	25,866
Net increase (decrease) in cash and short term funds		127,688	(49,037)
Cash and short term funds at 1 January		727,532	721,440
Cash and short term funds at 31 March	4	855,220	672,403

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



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 Bursa 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 28 April 2022.

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

2 SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group have been prepared in accordance with International Accounting Standard (IAS) 34: Interim Financial Reporting except as noted 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 2021.

The interim condensed consolidated financial information has been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations, including the recently issued 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 (IFRS) with the following amendments:

- i) Expected credit loss (ECL) to be measured at the higher of ECL on credit facilities computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.
- ii) Modification losses on financial assets, arising from payment holidays to customers extended during the financial year ended 31 December 2020 as a result of Covid-19, to be recognised in retained earnings as required by the CBK circular no. 2/BS/IBS/461/2020 instead of profit or loss in accordance with IFRS 9. However, modification losses on financial assets, arising from any other payment holidays to customers including payment holidays extended during the period ended 31 March 2022 in response to Covid-19 shall be recognized in the statement of profit or loss.

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statement prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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.

The key changes to the Group's accounting policies resulting from its adoption of new standards are summarised below:

(i) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. These amendments had no material impact on the interim condensed consolidated financial information of the Group as there were no significant modifications of the Group's financial instruments during the period.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2022 (Unaudited)

Other new standards or amendments to existing standards which are effective for annual accounting period starting from 1 January 2022 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		
			31 March 2022	31 December 2021	31 March 2021
Al-Tijari Financial Brokerage Company K.S.C. (Closed)	Kuwait	Brokerage Services	98.16	98.16	93.55

4 CASH AND SHORT TERM FUNDS

	31 March 2022	(Audited) 31 December 2021	31 March 2021
	KD 000's	KD 000's	KD 000's
Cash and cash items	209,157	124,779	138,267
Balances with the CBK	174,663	147,199	100,649
Deposits with banks maturing within seven days	471,400	455,554	433,487
	855,220	727,532	672,403
Less : Provision for impairment (ECL)	(46)	(19)	(23)
	855,174	727,513	672,380

5 DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2022	(Audited) 31 December 2021	31 March 2021
	KD 000's	KD 000's	KD 000's
Placements with banks	175,102	448,493	431,957
Less: Provision for impairment (ECL)	(8)	(65)	(42)
	175,094	448,428	431,915
Loans and advances to banks	34,480	34,197	113,349
Less: Provision for impairment	(338)	(39)	(821)
	34,142	34,158	112,528
	209,236	482,586	544,443



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2022 (Unaudited)

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 31 March 2022 is KD 218,595 thousand (31 December 2021: KD 216,125 thousand and 31 March 2021: KD 197,783 thousand).

The ECL on credit facilities (cash and non cash) determined under IFRS 9 amounted to KD 89,576 thousand as at 31 March 2022 (31 December 2021: KD 94,137 thousand and 31 March 2021: KD 103,107 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:

	31 March 2022			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	407,455	1,009	-	408,464
Good	955,714	78,955	-	1,034,669
Standard	690,941	268,194	3	959,138
Past due but not impaired	44,846	28,253	-	73,099
Impaired	-	-	-	-
Cash credit facilities	2,098,956	376,411	3	2,475,370
Non cash credit facilities	2,318,045	281,783	24,592	2,624,420
ECL provision for credit facilities	23,366	42,466	23,744	89,576
	31 December 2021 (Audited)			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	384,183	405	-	384,588
Good	913,791	103,489	-	1,017,280
Standard	715,177	276,300	-	991,477
Past due but not impaired	46,671	20,057	-	66,728
Impaired	-	-	-	-
Cash credit facilities	2,059,822	400,251	-	2,460,073
Non cash credit facilities	2,325,752	237,650	27,365	2,590,767
ECL provision for credit facilities	22,989	44,716	26,432	94,137



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2022 (Unaudited)

	31 March 2021			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
Superior	396,408	-	-	396,408
Good	805,146	47,066	-	852,212
Standard	696,454	280,484	-	976,938
Past due but not impaired	155,089	45,813	-	200,902
Impaired	-	-	-	-
Cash credit facilities	2,053,097	373,363	-	2,426,460
Non cash credit facilities	2,317,257	196,320	34,486	2,548,063
ECL provision for credit facilities	20,372	49,079	33,656	103,107
Movement in ECL for Credit Facilities:	31 March 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	339	(339)	-	-
Transfer to stage 2	(70)	70	-	-
Transfer to stage 3	-	-	-	-
Net charged / (released)	101	(1,979)	430	(1,448)
Written-off	-	-	(3,121)	(3,121)
Exchange difference	7	(2)	3	8
ECL 31 March 2022	23,366	42,466	23,744	89,576
	31 March 2021			
	KD 000's			
	Stage 1	Stage 2	Stage 3	Total
ECL 1 January 2021	21,425	47,406	35,875	104,706
Transfer to stage 1	442	(442)	-	-
Transfer to stage 2	(54)	54	-	-
Transfer to stage 3	-	-	-	-
Net (released) / charged	(1,427)	2,085	2,308	2,966
Written-off	-	-	(4,328)	(4,328)
Exchange difference	(14)	(24)	(199)	(237)
ECL 31 March 2021	20,372	49,079	33,656	103,107

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 where a final court judgment was issued in this dispute on 27 December 2017. A summary of major events is detailed hereunder:



In February 2009, the Court of Summary Appeal restricted the sale of 221,425,095 shares until a final court judgment is issued in the ownership dispute of these shares.

During 2010, the Bank participated in the rights issue and acquired 127,058,530 shares at a cost of KD 32,401 thousand and thereafter, during the years 2013 to the reporting date, the Bank received a total of 134,602,785 bonus shares.

In April 2016, the Court of First Instance issued a verdict in favor of the Bank confirming the validity of the Bank's ownership of 221,425,095 shares.

In February 2017, the Court of Appeal issued a verdict, voiding the five sale contracts dated 30 November 2008 as concluded between the appellants and the Bank with regard to the sale of Boubyan Bank shares totalling 221,425,095 shares and revert the situation back to its pre-contract status, most importantly to revert back the shares, their yields, interests and any benefits the Bank has obtained, to the appellants along with voiding all acts the Bank has taken on the account of the Borrower following the sale date.

The Bank appealed against this verdict in the Court of Cassation. On 27 December 2017, the Court of Cassation issued a judgment partially accepting the appeal as the court obligated the appellants mentioned above to pay the price of shares to the Bank. The Court of Cassation also validated all the actions taken by the Bank on the account of the borrower following the date of the five sales contracts of the shares dated 30 November 2008. Furthermore, the Court of Cassation obligated the Borrower and the appellants to pay the required legal expenses on the litigation.

On 29 January 2018, the Bank has obtained the execution stamp for the execution of the judgment issued by the Court of Cassation against the appellants, whereby the Bank currently enjoys the power to collect the shares' value and in return to transfer the shares' ownership to the appellants. The Bank will continue to recognise these shares as part of Investment Securities until the judgment issued by the Court of Cassation is executed.

On 16 June 2019, a judgment was issued in favor of the Bank, which stipulates, firstly, to immediately stop execution of the earlier judgment by court of appeal as well as the amended judgment issued by the court of cassation and directed the appellants to refund the amount due to the Bank as consideration for returning the shares. Secondly, an expert delegate will determine the amount due from each of the five subsidiaries out of the principal amount to be refunded to the Bank, determine share of each subsidiary in the nullified shares and yields from the shares, subject of the nullified agreements, along with their interests and benefits, determine the fees and expenses paid in shares sale transactions and determine who is obligated to pay.

On 29 June 2020, the Court of Appeal dismissed the judgment issued by Court of First Instance on 16 June 2019 to suspend the execution immediately. The Bank appealed against this ruling before Court of Cassation, and no hearing session has yet been scheduled.

On 7 February 2021, the Bank raised an objection on the report submitted by the expert department. During the session held on 4 April 2021 the court issued a ruling to refer the case back to the expert department to review the objection raised by the Bank. During the session held on 30 January 2022, the court issued a verdict prescribing the financial right and obligation of each party based on expert's report; however, the Bank and the opponent both appealed against this judgment, and the appeal is set for hearing on 8 May 2022.

- 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 31 March 2022 was KD 156,824 thousand (31 December 2021: 180,468 thousand and 31 March 2021: KD 217,644 thousand). The change in fair value of these securities resulting from changes in market interest rate (hedged risk) during the period was KD 3,714 thousand (31 March 2021: KD 1,704 thousand). The changes in fair value related to hedged risk during the period was recognised in the interim condensed consolidated statement of income.

8 OTHER BORROWED FUNDS

Other borrowed funds include securities sold under agreements to repurchase amounting to KD 145,670 thousand (2021: KD 98,451 thousand and 31 March 2021: KD nil). 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 31 March 2022, the fair value of investment securities that had been pledged as collateral under repurchase agreements was KD 147,756 thousand (2021: KD 102,278 thousand and 31 March 2021: KD nil). The collateralised borrowing transactions are conducted under standardised terms that are usual and customary for such transactions.

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

31 March 2022 (Unaudited)

9 NET REVERSAL (CHARGE) OF IMPAIRMENT AND OTHER PROVISIONS

Net reversal (charge) of impairment and other provisions recorded for the period ended 31 March 2022 amounted to a reversal of KD 3,329 thousand (31 March 2021: charge of KD 21,623 thousand) which mainly represent specific, general and other provisions against loans and advances and other financial assets which is after partially offsetting recoveries amounting to KD 9,183 thousand (31 March 2021: KD 2,417 thousand).

Impairment and other provisions includes reversal of ECL on financial assets other than loans and advances for the period ended 31 March 2022 amounting to KD 4 thousand (31 March 2021: reversal of KD 45 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 31 March	
	2022	2021
Net profit for the period attributable to shareholders of the Bank (KD 000's)	<u>22,230</u>	<u>40</u>
Weighted average of authorised and subscribed shares (numbers in 000's)	1,992,056	1,992,056
Less: Weighted average of treasury shares held (numbers in 000's)	(11,138)	(68,835)
	<u>1,980,918</u>	<u>1,923,221</u>
Basic and diluted earnings per share attributable to shareholders of the Bank (fils)	<u>11.2</u>	<u>0.0</u>

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:

	31 March 2022			31 March 2021		
	Number of Directors/ Executives	Number of Related Members	Amount in KD 000's	Number of Directors/ Executives	Number of Related Members	Amount in KD 000's
Board of Directors						
Loans	2	1	1,979	1	2	1,852
Credit cards	4	1	16	3	1	3
Deposits	11	10	727	9	17	1,004
Executive Management						
Loans	27	2	1,147	22	2	718
Credit cards	26	1	35	20	1	27
Deposits	36	37	1,289	28	34	751
Associates						
Deposits	1	-	13,519	1	-	13,134
Major Shareholders						
Deposits	1	-	59	1	-	39

Interest income and interest expense include KD 11 thousand (31 March 2021: KD 12 thousand) and KD 23 thousand (31 March 2021: KD 51 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:

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

31 March 2022 (Unaudited)

	Three months ended 31 March	
	2022 KD 000's	2021 KD 000's
Salaries and other short-term benefits	693	488
Post employment benefits	7	7
End of service benefits	26	63

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:

	31 March 2022			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	255,006	10,293	-	265,299
Equities and other securities	328,372	19,375	-	347,747
	583,378	29,668	-	613,046
Derivative financial instruments (Note 14)	-	11,467	-	11,467
	31 December 2021 (Audited)			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	233,898	10,309	-	244,207
Equities and other securities	282,799	24,297	-	307,096
	516,697	34,606	-	551,303
Derivative financial instruments (Note 14)	-	1,395	-	1,395



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 March 2022 (Unaudited)

	31 March 2021			
	KD 000's			
	Level 1	Level 2	Level 3	Total
Debt securities	281,701	24,570	-	306,271
Equities and other securities	216,476	21,704	-	238,180
	498,177	46,274	-	544,451
Derivative financial instruments (Note 14)	-	(2,254)	-	(2,254)

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	
	Three months ended 31 March		Three months ended 31 March		Three months ended 31 March	
	2022	2021	2022	2021	2022	2021
Net interest income	16,350	16,205	2,116	3,257	18,466	19,462
Net non interest income	9,494	9,098	2,121	2,491	11,615	11,589
Operating income	25,845	25,303	4,236	5,748	30,081	31,051
Impairment and other provisions	3,310	(21,635)	19	12	3,329	(21,623)
Net profit (loss) for the period	23,878	(975)	(1,638)	1,034	22,240	59
Assets	2,308,235	2,384,356	1,898,356	1,876,267	4,206,591	4,260,623
Liabilities	1,690,046	1,647,429	1,635,262	1,916,176	3,325,308	3,563,605

14 OFF BALANCE SHEET ITEMS

(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

31 March 2022 (Unaudited)

(i) Financial instruments with contractual amounts representing credit risk

	31 March 2022	<i>(Audited)</i> 31 December 2021	31 March 2021
	KD 000's	KD 000's	KD 000's
Acceptances	12,159	12,282	29,563
Letters of credit	156,802	98,917	108,582
Letters of guarantee	1,490,866	1,530,409	1,429,346
Undrawn lines of credit	940,244	922,035	947,065
	2,600,071	2,563,643	2,514,556

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

	KD 000's		
31 March 2022	Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	7,843	823	843,320
Interest rate swaps (held as fair value hedges)	2,787	393	132,474
Interest rate swaps (others)	18,520	16,467	236,641
	29,150	17,683	1,212,435
	KD 000's		
31 December 2021 (Audited)	Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	2,328	1,786	554,554
Interest rate swaps (held as fair value hedges)	677	2,003	179,380
Interest rate swaps (others)	10,031	7,852	235,553
	13,036	11,641	969,487
	KD 000's		
31 March 2021	Positive Fair Value	Negative Fair Value	Notional Amount
Forward foreign exchange contracts	704	332	145,755
Interest rate swaps (held as fair value hedges)	144	4,745	235,845
Interest rate swaps (others)	14,426	12,451	190,076
	15,274	17,528	571,676

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 2,605 thousand (31 December 2021: KD 2,605 thousand and 31 March 2021: 1,847 thousand) have been provided.

15 SIGNIFICANT EVENT

The Group is gradually recovering from the effects of Covid-19 pandemic. The Group's operating environment is moderately rebound and signs of economic recovery is visible across the region and globally. High vaccination rates and strict social distancing measures significantly reduced the impact of latest variants of virus.

During the years 2020 and 2021, Central Bank of Kuwait (CBK) implemented various measures targeted at reinforcing the banking sector's ability to play a vital role in the economy. Those measures are disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2021 and 31 December 2020.

Expected Credit Loss (ECL) estimates

The inputs and assumptions used for the determination of ECL as at 31 March 2022 incorporates the revised economic forecasts with respect to oil prices and world GDP post Covid19. ECLs were estimated based on a range of forecast economic conditions as at that date by considering the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination. This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightages assigned to these scenarios. In addition, the Group updated the relevant forward-looking information of the Group's international operations with respect to the weightings of the relevant macroeconomic scenarios relative to the economic climate of the respective market in which it operates.

Group has given specific consideration to the relevant impact of COVID-19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors.

Valuation estimates and judgments

The Group has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

Accounting for modified financial assets

Kuwait banks announced postponement of payment of consumer and installment loans to eligible citizen customers, upon their request, in accordance with the CBK circular No. 2/BS/IBS/ISIIS/FS/476/2021 dated 18 April 2021 concerning the implementing provisions of Article No. 2 of Law no. (3) of 2021 ("the law") regarding the deferral of financial liabilities for a six-month period with cancellation of interest resulting from this deferral ("the 2021 scheme"). The installment deferrals are considered as short-term liquidity support to address borrower's potential cash flow issues, the cost of which is fully borne by the Government of Kuwait in accordance with the law.

The Group implemented the 2021 scheme by postponing the installments for a six month period from the eligible customer request date with the corresponding extension of the liability tenure. The installment deferral resulted in a loss to the Bank arising from the modification of contractual cash-flows amounted to KD 10,879 thousand in accordance with IFRS 9. This loss was offset by an equivalent amount receivable from Government of Kuwait as Government Grant in accordance with the Law. The Group has recorded the Government Grant income by setting it off against the modification loss from the 2021 scheme. The Government grant receivable is included in other assets in the interim condensed consolidated statement of financial position.

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 :/105/2..... : س.أ.ك. Ref.:

التاريخ :7 شتوان 1443 Date :
الموافق :8 مايسو 2022

الفاضلة رئيس الجهاز التنفيذي المحترمة
البنك التجاري الكويتي

تحية طيبة وبعد ،

بالإشارة إلى كتاب مصرفكم المؤرخ 2022/4/17 المرفق به مسودة البيانات المالية
المرحلية المجمعة لمصرفكم عن الفترة من 2022/1/1 حتى 2022/3/31، والتي تم إعدادها
لأغراض النشر وفقاً لمتطلبات بورصة الكويت، وعطفاً على الإيضاحات والبيانات التفصيلية
الواردة إلينا بتاريخ 2022/4/29.

نفيدكم بأن بنك الكويت المركزي قد أحيط علماً بما جاء في البيانات المشار إليها،
وعليه فإنه يمكنكم اتخاذ كافة الإجراءات الضرورية المتبعة في مثل هذا الخصوص.

مع أطيب التحيات.


د. محمد بدر الخميس
مدير إدارة الرقابة المكتبية

٢٠٩٥ - نسخة إلى بورصة الكويت .