

GULF BANK GROUP
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

30 JUNE 2024





Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF GULF BANK K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Bank K.S.C.P. (the "Bank") and its subsidiary (collectively the "Group") as at 30 June 2024, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Bank 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 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, as amended, and its executive regulations, as amended, or of the Bank's Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2024 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material 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 months period ended 30 June 2024 that might have had a material effect on the business of the Bank or on its financial position.

ABDULKARIM AL SAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

ALI B. AL-WAZZAN
LICENCE NO. 246 A
DELOITTE & TOUCHE
AL-WAZZAN & CO.

24 July 2024
Kuwait



GULF BANK GROUP
Interim Condensed Consolidated Statement of Income
(Unaudited)

PERIOD ENDED 30 JUNE 2024

	Note	3 months ended	3 months ended	6 months ended	6 months ended
		30 June 2024 KD 000's	30 June 2023 KD 000's	30 June 2024 KD 000's	30 June 2023 KD 000's
Interest income		102,270	89,843	200,888	175,418
Interest expense		63,041	52,997	123,243	103,762
Net interest income		39,229	36,846	77,645	71,656
Net fees and commissions		6,086	6,050	12,623	13,699
Net gains from dealing in foreign currencies and derivatives		2,474	2,419	5,043	5,045
Dividend income		21	225	391	436
Other income		805	337	1,176	1,420
Operating income		48,615	45,877	96,878	92,256
Staff expenses		13,464	13,768	26,787	27,252
Occupancy costs		675	709	1,372	1,410
Depreciation		1,979	1,824	3,770	3,568
Other expenses		6,515	5,238	12,367	10,711
Operating expenses		22,633	21,539	44,296	42,941
OPERATING PROFIT BEFORE PROVISIONS / IMPAIRMENT LOSSES		25,982	24,338	52,582	49,315
Charge (release) of provisions:					
- specific		40,803	6,921	37,467	21,114
- general		(30,018)	12	(28,262)	(265)
Loan recoveries, net of write-off		(878)	(2,005)	13,808	(9,042)
Net provision on other financial assets		(14)	(31)	(31)	(81)
OPERATING PROFIT		16,089	19,441	29,600	37,589
Directors' remuneration		30	30	60	60
Contribution to Kuwait Foundation for the Advancement of Sciences		160	194	296	376
National Labour Support Tax		398	481	733	931
Zakat		160	194	296	376
PROFIT FOR THE PERIOD		15,341	18,542	28,215	35,846
BASIC AND DILUTED EARNINGS PER SHARE (Fils)	3	4	5	7	10

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

PERIOD ENDED 30 JUNE 2024

	<i>3 months ended</i> 30 June 2024 <i>KD 000's</i>	<i>3 months ended</i> 30 June 2023 <i>KD 000's</i>	<i>6 months ended</i> 30 June 2024 <i>KD 000's</i>	<i>6 months ended</i> 30 June 2023 <i>KD 000's</i>
Profit for the period	15,341	18,542	28,215	35,846
Other comprehensive income				
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income :</i>				
Net changes in fair value of investment securities-equity	1,118	11	2,434	(476)
Other comprehensive income (loss) for the period	1,118	11	2,434	(476)
Total comprehensive income for the period	16,459	18,553	30,649	35,370

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Financial Position

		<i>(Unaudited)</i> 30 June 2024 KD 000's	<i>(Audited)</i> 31 December 2023 KD 000's	<i>(Unaudited)</i> 30 June 2023 KD 000's
ASSETS				
Cash and cash equivalents		1,118,906	1,093,757	1,078,978
Kuwait Government treasury bonds		9,500	16,500	22,000
Central Bank of Kuwait bonds		302,100	337,715	341,878
Deposits with banks and other financial institutions		126,259	180,981	66,014
Loans and advances	4	5,553,016	5,196,622	5,173,723
Investment securities		157,209	191,420	73,443
Other assets	5	123,371	118,154	117,363
Premises and equipment		40,162	39,483	40,179
TOTAL ASSETS		7,430,523	7,174,632	6,913,578
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		304,927	256,354	317,882
Deposits from financial institutions		946,412	1,148,583	969,850
Customer deposits		4,619,578	4,219,259	4,215,606
Other borrowed funds	6	614,355	570,062	539,484
Other liabilities		143,636	163,574	147,368
TOTAL LIABILITIES		6,628,908	6,357,832	6,190,190
EQUITY				
Share capital	7	380,250	362,143	336,056
Proposed bonus shares	8	-	18,107	-
Statutory reserve		60,538	60,538	53,052
Share premium		186,937	186,937	153,024
Property revaluation reserve		17,974	17,974	18,154
Fair valuation reserve		1,718	(716)	1,073
Retained earnings		156,575	171,817	162,029
		803,992	816,800	723,388
Treasury shares	9	(2,377)	-	-
TOTAL EQUITY		801,615	816,800	723,388
TOTAL LIABILITIES AND EQUITY		7,430,523	7,174,632	6,913,578



Bader Nasser Al Kharafi
(Chairman)



Sami Mahfouz
(Acting Chief Executive Officer)

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)
PERIOD ENDED 30 JUNE 2024

	<i>Notes</i>	<i>6 months ended 30 June 2024 KD 000's</i>	<i>6 months ended 30 June 2023 KD 000's</i>
OPERATING ACTIVITIES			
Profit for the period		28,215	35,846
Adjustments:			
Dividend income		(391)	(436)
Depreciation		3,770	3,568
Loan loss provisions		9,205	20,849
Net provision on other financial assets		(31)	(81)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		40,768	59,746
<i>Decrease/(increase) in operating assets:</i>			
Kuwait Government treasury bonds		7,000	-
Central Bank of Kuwait bonds		35,615	(4,175)
Deposits with banks and other financial institutions		54,715	65,244
Loans and advances		(364,908)	(66,802)
Other assets		(7,982)	16,357
<i>Increase/(decrease) in operating liabilities:</i>			
Due to banks		48,573	(171,769)
Deposits from financial institutions		(202,171)	195,239
Customer deposits		400,319	(31,231)
Other liabilities		(20,629)	21,846
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(8,700)	84,455
INVESTING ACTIVITIES			
Purchase of investment securities		(122,100)	(25,695)
Proceeds from sale/maturity of investment securities		161,548	81,428
Purchase of premises and equipment		(4,449)	(5,087)
Dividend income received		391	436
NET CASH FLOWS FROM INVESTING ACTIVITIES		35,390	51,082
FINANCING ACTIVITIES			
Net proceeds from other borrowed funds	6	44,293	45,558
Dividend paid	8	(43,457)	(32,005)
Purchase of treasury shares	9	(2,377)	-
NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES		(1,541)	13,553
NET INCREASE IN CASH AND CASH EQUIVALENTS		25,149	149,090
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,093,757	929,888
CASH AND CASH EQUIVALENTS AT 30 JUNE		1,118,906	1,078,978
<i>Additional cash flows information</i>			
Interest received		198,556	167,265
Interest paid		132,032	86,170

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Changes in Equity
(Unaudited)

PERIOD ENDED 30 JUNE 2024

	R E S E R V E S										<i>Treasury shares</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
	<i>Share capital</i> <i>KD 000's</i>	<i>Proposed bonus shares</i> <i>KD 000's</i>	<i>Statutory reserve</i> <i>KD 000's</i>	<i>Share premium</i> <i>KD 000's</i>	<i>Property revaluation reserve</i> <i>KD 000's</i>	<i>Fair valuation reserve</i> <i>KD 000's</i>	<i>Retained earnings</i> <i>KD 000's</i>	<i>Sub-total reserves</i> <i>KD 000's</i>	<i>Treasury shares</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>		
At 1 January 2023	320,053	16,003	53,052	153,024	18,154	1,549	158,188	383,967	-	720,023		
Profit for the period	-	-	-	-	-	-	35,846	35,846	-	35,846		
Other comprehensive loss for the period	-	-	-	-	(476)	-	-	(476)	-	(476)		
Total comprehensive (loss) income for the period	-	-	-	-	(476)	-	35,370	35,370	-	35,370		
Dividend paid (Note 8)	-	-	-	-	-	(32,005)	(32,005)	-	-	(32,005)		
Issue of bonus shares (Note 8)	16,003	(16,003)	-	-	-	-	-	-	-	-		
At 30 June 2023	336,056	-	53,052	153,024	18,154	1,073	162,029	387,332	-	723,388		
At 1 January 2024	362,143	18,107	60,538	186,937	17,974	(716)	171,817	436,550	-	816,800		
Profit for the period	-	-	-	-	-	-	28,215	28,215	-	28,215		
Other comprehensive income for the period	-	-	-	-	2,434	-	-	2,434	-	2,434		
Total comprehensive income for the period	-	-	-	-	2,434	-	28,215	30,649	-	30,649		
Dividend paid (Note 8)	-	-	-	-	-	(43,457)	(43,457)	-	-	(43,457)		
Issue of bonus shares (Note 8)	18,107	(18,107)	-	-	-	-	-	-	-	-		
Purchase of treasury shares	-	-	-	-	-	-	-	-	(2,377)	(2,377)		
At 30 June 2024	380,250	-	60,538	186,937	17,974	1,718	156,575	423,742	(2,377)	801,615		

The attached notes 1 to 14 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2024

1. INCORPORATION AND REGISTRATION

Gulf Bank K.S.C.P. (the "Bank") is a public shareholding company incorporated in Kuwait on 29 October 1960 and is registered as a bank with the Central Bank of Kuwait. The Bank's shares are listed on Boursa Kuwait. Its registered office is at Mubarak Al Kabir Street, P.O. Box 3200, 13032 Safat, Kuwait City.

During the year 2023, a 100% owned subsidiary, Gulf Capital Investment Company KSCC was incorporated with an authorized, issued and fully paid up capital of **KD 10,000 thousand** for engaging in securities activities. Approval from the Capital Markets Authority ("CMA") has been obtained and the subsidiary is in progress to fulfill other regulatory and operational requirements.

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 for the six months period ended 30 June 2024 was authorised by the Board of Directors for issue on 10 July 2024.

The principal activities of the Group are described in Note 10.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" except as noted below:

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations, require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") with the following amendment:

- Expected credit loss ("ECL") on credit facilities to be measured at the higher of ECL 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.

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 full consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. Further, operating results for the six months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

This interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the Group's functional currency, rounded off to the nearest thousand (KD 000's), except when otherwise indicated.

2.2 New standards, interpretations and amendments and accounting policies adopted by the Group

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2024 did not have any material impact on the accounting policies, financial position or performance of the Group.



GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2024

3. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are based on the weighted average number of shares outstanding during the period, which is as follows:

	<i>3 months ended 30 June 2024 KD 000's</i>	<i>3 months ended 30 June 2023 KD 000's</i>	<i>6 months ended 30 June 2024 KD 000's</i>	<i>6 months ended 30 June 2023 KD 000's</i>
Profit for the period	<u>15,341</u>	<u>18,542</u>	<u>28,215</u>	<u>35,846</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding during the period, net of treasury shares	<u>3,799,942,715</u>	<u>3,553,679,425</u>	<u>3,801,222,407</u>	<u>3,553,679,425</u>
Basic and diluted earnings per share (Fils)	<u>4</u>	<u>5</u>	<u>7</u>	<u>10</u>

Earnings per share calculations for the period ended 30 June 2024 and 30 June 2023 have been adjusted to the account of bonus shares issued on 14 April 2024 (Note 8). Earnings per share calculations for the period ended 30 June 2023 have been adjusted to the account of the right shares issued during the year 2023.

4. LOANS AND ADVANCES

	<i>(Unaudited) 30 June 2024 KD 000's</i>	<i>(Audited) 31 December 2023 KD 000's</i>	<i>(Unaudited) 30 June 2023 KD 000's</i>
Gross loans and advances	<u>5,808,717</u>	<u>5,490,429</u>	<u>5,462,623</u>
Less: Provision for impairment	<u>(255,701)</u>	<u>(293,807)</u>	<u>(288,900)</u>
Loans and advances	<u>5,553,016</u>	<u>5,196,622</u>	<u>5,173,723</u>

Provision for non-cash facilities of **KD 18,772 thousand** (31 December 2023: KD 18,081 thousand and 30 June 2023: KD 18,470 thousand) is included under other liabilities.



GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2024

4. LOANS AND ADVANCES (continued)

Comparison between total provisions and IFRS 9 ECL on credit facilities:

	<i>(Unaudited)</i> 30 June 2024 KD 000's	<i>(Audited)</i> 31 December 2023 KD 000's	<i>(Unaudited)</i> 30 June 2023 KD 000's
Provision on cash facilities	255,701	293,807	288,900
Provision on non-cash facilities	18,772	18,081	18,470
Total provisions on credit facilities	274,473	311,888	307,370
IFRS 9 ECL on credit facilities	160,501	186,682	185,398
Excess of total provisions over IFRS 9 ECL on credit facilities	113,972	125,206	121,972
Excess provisions as a percentage of total provisions	42%	40%	40%

An analysis of the carrying amounts of Credit Facilities, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance to the CBK guidelines is as follows:

At 30 June 2024:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	5,552,120	182,096	74,501	5,808,717
Contingent liabilities and commitments (Note 12)	2,976,841	121,080	19,986	3,117,907
IFRS 9 ECL on credit facilities	34,366	46,642	79,493	160,501

At 31 December 2023:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	5,167,737	254,783	67,909	5,490,429
Contingent liabilities and commitments (Note 12)	2,780,033	135,382	19,526	2,934,941
IFRS 9 ECL on credit facilities	36,635	75,216	74,831	186,682

At 30 June 2023:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	5,148,576	258,702	55,345	5,462,623
Contingent liabilities and commitments (Note 12)	2,442,219	190,700	18,621	2,651,540
IFRS 9 ECL on credit facilities	38,328	82,563	64,507	185,398



GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2024

4. LOANS AND ADVANCES (continued)

An analysis of the movement in the ECL in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance with the CBK guidelines:

At 30 June 2024:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL balance as at 1 January 2024	36,635	75,216	74,831	186,682
Impact due to transfer between stages	7,371	(10,400)	3,029	-
ECL (release)/charge for the period	(9,640)	(18,174)	48,253	20,439
ECL release on written off facilities	-	-	(46,620)	(46,620)
	<u>34,366</u>	<u>46,642</u>	<u>79,493</u>	<u>160,501</u>

At 30 June 2023:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL balance as at 1 January 2023	38,179	78,970	72,599	189,748
Impact due to transfer between stages	5,649	3,381	(9,030)	-
ECL (release)/charge for the period	(5,500)	212	27,838	22,550
ECL release on written off facilities	-	-	(26,900)	(26,900)
	<u>38,328</u>	<u>82,563</u>	<u>64,507</u>	<u>185,398</u>

5. OTHER ASSETS

	<i>(Unaudited)</i> <i>30 June</i> <i>2024</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 June</i> <i>2023</i> <i>KD 000's</i>
Accrued interest receivable	35,354	33,022	34,142
Sundry debtors and others	19,353	16,468	14,557
Repossessed collaterals	68,664	68,664	68,664
	<u>123,371</u>	<u>118,154</u>	<u>117,363</u>

The fair value of the real estate properties was determined by approved valuers based on the market comparable approach (Level 3); and not materially different from their carrying values.



GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2024

6. OTHER BORROWED FUNDS

	<i>Effective interest rate</i>	<i>(Unaudited) 30 June 2024 KD 000's</i>	<i>(Audited) 31 December 2023 KD 000's</i>	<i>(Unaudited) 30 June 2023 KD 000's</i>
Subordinated Tier 2 bonds- KWD 2031 (Fixed tranche)	4.00%	25,000	25,000	25,000
Subordinated Tier 2 bonds- KWD 2031 (Floating tranche capped at 5%)	CBK+2.25%	25,000	25,000	25,000
Medium term borrowings-Floating	5.20% to 6.71%	564,355	520,062	489,484
		<u>614,355</u>	<u>570,062</u>	<u>539,484</u>

7. SHARE CAPITAL

	<i>(Unaudited) 30 June 2024 KD 000's</i>	<i>(Audited) 31 December 2023 KD 000's</i>	<i>(Unaudited) 30 June 2023 KD 000's</i>
Issued and fully paid 3,802,502,099 (31 December 2023: 3,621,430,571 and 30 June 2023: 3,360,561,006) shares of 100 fils each	<u>380,250</u>	<u>362,143</u>	<u>336,056</u>

The authorised share capital of the Bank comprises **4,860,561,006 shares** (31 December 2023: 4,860,561,006 shares and 30 June 2023: 4,860,561,006 shares) of 100 fils each. The Extraordinary General Assembly meeting of the Bank's shareholders held on 13 May 2023 approved to increase the Bank's authorised share capital from KD 336,056 thousand to KD 486,056 thousand and authorised the Board of Directors to decide on the amount and methods of issued share capital increase.

8. DIVIDEND

The shareholders at the Annual General Meeting (AGM) held on 23 March 2024 approved a cash dividend of **12 fils per share** (2022: 10 fils per share) and bonus shares of 5% amounting to **KD 18,107 thousand** (2022: KD 16,003 thousand) for the year ended 31 December 2023. The cash dividend amounting to **KD 43,457 thousand** was recorded and paid subsequently. The bonus shares were distributed on 14 April 2024.

9. TREASURY SHARES

	<i>(Unaudited) 30 June 2024</i>	<i>(Audited) 31 December 2023</i>	<i>(Unaudited) 30 June 2023</i>
Number of treasury shares	9,150,000	-	-
Percentage of treasury shares	0.24%	0.00%	0.00%
Cost of treasury shares (KD 000's)	2,377	-	-
Weighted average market value of treasury shares (KD 000's)	2,544	-	-



GULF BANK GROUP

Notes to the Interim Condensed Consolidated Financial Information

(Unaudited)

30 June 2024

10. SEGMENTAL ANALYSIS

By Business Unit

Commercial Banking	Acceptance of deposits from individuals, corporate and institutional customers and providing consumer loans, overdrafts, credit card facilities and funds transfer facilities to individuals; and other credit facilities to corporate and institutional customers and banks.
Treasury & Investments	Providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of Kuwait Government treasury bonds, government securities, placements and acceptances with other banks. The proprietary investments of the Bank are managed by the Investments unit.

Segmental information for the six months period ended 30 June is as follows:

	Commercial Banking		Treasury & Investments		Total	
	2024	2023	2024	2023	2024	2023
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Operating income (excluding unallocated income provided below)	65,075	70,836	7,109	(228)	72,184	70,608
Segment result	24,869	41,238	5,771	(1,086)	30,640	40,152
Unallocated income					24,694	21,648
Unallocated expense					(27,119)	(25,954)
Profit for the period					28,215	35,846
Segment assets	5,680,552	5,322,641	1,655,100	1,502,058	7,335,652	6,824,699
Unallocated assets					94,871	88,879
Total Assets					7,430,523	6,913,578
Segment liabilities	3,069,462	3,118,642	3,367,563	2,865,513	6,437,025	5,984,155
Unallocated liabilities and equity					993,498	929,423
Total Liabilities and Equity					7,430,523	6,913,578



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11. RELATED PARTY TRANSACTIONS (continued)

The loans issued to Board members and executive management are repayable within CBK regulatory limits and have interest rates of **4.75% to 6.75%** (2023: 5% to 6.25%) per annum. Some of the loans advanced to Board members and their related parties are collateralised. The fair value of these collaterals as of 30 June 2024 was **KD 70,761 thousand** (31 December 2023: KD 71,076 thousand and 30 June 2023: KD 66,096 thousand).

Compensation for key management, including executive management, comprises the following:

	<i>6 months ended</i> 30 June 2024 <i>KD 000's</i>	<i>6 months ended</i> 30 June 2023 <i>KD 000's</i>
Salaries and other benefits	2,547	2,078
End of service/termination benefits	144	340
	<u>2,691</u>	<u>2,418</u>

12. CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Unaudited)</i> 30 June 2024 <i>KD 000's</i>	<i>(Audited)</i> 31 December 2023 <i>KD 000's</i>	<i>(Unaudited)</i> 30 June 2023 <i>KD 000's</i>
Guarantees	1,248,519	1,192,776	1,126,446
Letters of credit and acceptances	384,149	392,462	382,904
Undrawn irrevocable commitments	82,508	154,978	18,345
Undrawn revocable commitments	1,402,731	1,194,725	1,123,845
	<u>3,117,907</u>	<u>2,934,941</u>	<u>2,651,540</u>

The contractual terms entitle the Group to withdraw undrawn revocable facilities at any time.

13. DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

The table below shows the positive and negative fair value of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the period end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

At 30 June 2024:	<i>Positive</i> <i>fair value</i> <i>KD 000's</i>	<i>Negative</i> <i>fair value</i> <i>KD 000's</i>	<i>Notional</i> <i>amount</i> <i>total</i> <i>KD 000's</i>	<i>Notional amounts by</i> <i>term to maturity</i>	
				<i>Within</i> <i>3 months</i> <i>KD 000's</i>	<i>3-12</i> <i>months</i> <i>KD 000's</i>
Derivatives instruments held as:					
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	39	(209)	192,291	190,096	2,195



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13. DERIVATIVES (continued)

At 31 December 2023:	<i>Notional amounts by term to maturity</i>				
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Within 3 months KD 000's</i>	<i>3-12 months KD 000's</i>
Derivatives instruments held as:					
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	<u>3</u>	<u>(1)</u>	<u>34,480</u>	<u>34,200</u>	<u>280</u>
At 30 June 2023:	<i>Notional amounts by term to maturity</i>				
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Within 3 months KD 000's</i>	<i>3-12 months KD 000's</i>
Derivatives instruments held as:					
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	<u>63</u>	<u>(173)</u>	<u>143,110</u>	<u>143,030</u>	<u>80</u>

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value 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), the carrying amounts approximate to their fair value and this applies to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

The methods 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:

At 30 June 2024:

	<i>Level 1 KD '000</i>	<i>Level 2 KD '000</i>	<i>Level 3 KD '000</i>	<i>Total KD '000</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	<u>13,476</u>	<u>122</u>	<u>21,290</u>	<u>34,888</u>

The amortized cost and fair value of investment securities at amortised cost as at 30 June 2024 were **KD 122,321 thousand** (31 December 2023: KD 158,994 thousand; 30 June 2023: KD 38,507 thousand) and **KD 122,225 thousand** (Level 1) (31 December 2023: KD 158,831 thousand; 30 June 2023: KD 38,281 thousand) respectively.



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14. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2023:

	<i>Level 1</i> <i>KD '000</i>	<i>Level 2</i> <i>KD '000</i>	<i>Level 3</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	11,014	118	21,294	32,426

At 30 June 2023:

	<i>Level 1</i> <i>KD '000</i>	<i>Level 2</i> <i>KD '000</i>	<i>Level 3</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	12,493	838	21,453	34,784
Debt securities	-	152	-	152
	12,493	990	21,453	34,936

The following table analyses the movement in level 3 of financial assets:

	At 1 January KD 000's	Change in fair value KD 000's	Additions/ disposals KD 000's	Exchange rate movements KD 000's	At 30 June KD 000's
<i>Financial assets at FVOCI:</i>					
Equity securities					
2024	21,294	-	-	(4)	21,290
2023	22,232	-	(788)	9	21,453

The fair value of the above investment securities classified under Level 1, Level 2 and Level 3 is categorised as per the policy on fair value measurement in note to the annual consolidated financial statements. During the period, there were no transfers between any of the fair value hierarchy levels.

The positive and negative fair values of forward foreign exchange contracts are valued using significant inputs of observable market data (Level 2). Refer Note 13.

Other financial assets and liabilities are carried at amortized cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are repriced immediately based on market movement in interest rates.

