

WARBA BANK K.S.C.P.

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
(UNAUDITED)**

31 MARCH 2022



Building a better
working world

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18-20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena



KPMG Safi Al-Mutawa & Partners
Al Hamra Tower, 25th Floor
Abdulaziz Al Saqr Street
P.O. Box 24, Safat 13001
State of Kuwait
Tel : + 965 2228 7000
Fax + 965 2228 7444

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

Introduction

We have reviewed the interim condensed consolidated statement of financial position of Warba Bank K.S.C.P. (the "Bank") and its subsidiaries (collectively the "Group") as at 31 March 2022, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month 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 preparation 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 condensed consolidated 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation 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, its executive regulations, as amended, or of the Bank's Articles of Association and Memorandum of Incorporation 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, 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 organisation 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.

BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
(AL AIBAN, AL OSAIMI & PARTNERS)

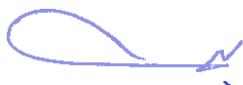
DR. RASHEED M. AL - QENAE
LICENSE NO. 130 - A
OF KPMG SAFI AL-MUTAWA & PARTNERS
MEMBER FIRM OF KPMG INTERNATIONAL

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

		<i>(Audited)</i>	
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
<i>Notes</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
ASSETS			
Cash and bank balances	3	103,948	79,856
Placements with banks and the CBK		526,734	437,043
Financing receivables	4	2,578,800	2,473,516
Financial assets at fair value through profit or loss	12	123,260	128,898
Financial assets at fair value through other comprehensive income	12	258,353	263,753
Investment in joint ventures		111,885	104,891
Investment properties		16,120	18,715
Other assets		60,703	55,598
Property and equipment		17,256	17,942
TOTAL ASSETS		3,797,059	3,580,212
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks and other financial institutions		555,531	512,571
Depositors' accounts		2,518,337	2,288,918
Sukuk issued	5	302,522	302,024
Other liabilities		52,773	60,900
TOTAL LIABILITIES		3,429,163	3,164,413
EQUITY			
Share capital		200,000	200,000
Share premium		80,375	80,375
Statutory reserve		4,777	4,777
Fair value reserve		(6,801)	1,607
Foreign currency translation reserve		219	(112)
Retained earnings		13,165	7,882
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK		291,735	294,529
Perpetual Tier 1 Sukuk	6	76,161	121,270
TOTAL EQUITY		367,896	415,799
TOTAL LIABILITIES AND EQUITY		3,797,059	3,580,212



Bader Khaled Al Shalfan
Vice Chairman



Shaheen H. Al Ghanem
Chief Executive Officer

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

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 31 March 2022

	Notes	Three months ended 31 March	
		2022 KD'000	2021 KD'000
Placements and finance income		24,188	23,025
Finance costs and distribution to depositors		(12,489)	(11,586)
Net finance income		11,699	11,439
Net investment income		6,674	6,234
Net fee and commission income		1,497	596
Other income		339	108
Foreign exchange gain		99	1,320
Net operating income		20,308	19,697
Staff costs		(5,492)	(4,511)
General and administrative expenses		(976)	(809)
Depreciation expense		(1,504)	(1,460)
Net operating expenses		(7,972)	(6,780)
Net operating profit before provision for impairment and credit losses		12,336	12,917
Provision for impairment and credit losses	7	(5,262)	(10,003)
Profit before tax		7,074	2,914
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(64)	(26)
National Labour Support Tax (NLST)		(185)	(76)
Zakat		(74)	(30)
NET PROFIT FOR THE PERIOD		6,751	2,782
BASIC AND DILUTED EARNINGS PER SHARE (EPS)	8	2.64 fils	0.19 fils

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

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2022

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>
NET PROFIT FOR THE PERIOD	6,751	2,782
Other comprehensive (loss) income		
<i>Other comprehensive (loss) income that will be reclassified to profit or loss:</i>		
<i>Debt instruments at fair value through other comprehensive income:</i>		
Net change in fair value	(8,512)	427
Changes in allowance for expected credit losses	103	(33)
Reclassification adjustment on sale	1	(156)
Net (losses) / gains on debt instruments at fair value through other comprehensive income	(8,408)	238
<i>Foreign currency translation:</i>		
Exchange differences on translation of foreign operations	331	(523)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	(8,077)	(285)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(1,326)	2,497

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

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

	Share capital KD'000	Share premium KD'000	Statutory reserve KD'000	Fair value reserve KD'000	Foreign currency translation reserve KD'000	Retained earnings (Accumulated losses) KD'000	Equity attributable to the Bank KD'000	Perpetual Tier 1 Sukuk KD'000	Total equity KD'000
As at 1 January 2022	200,000	80,375	4,777	1,607	(112)	7,882	294,529	121,270	415,799
Net profit for the period	-	-	-	-	-	6,751	6,751	-	6,751
Other comprehensive (loss) income	-	-	-	(8,408)	331	-	(8,077)	-	(8,077)
Total comprehensive (loss) income for the period	-	-	-	(8,408)	331	6,751	(1,326)	-	(1,326)
Redemption of Perpetual Tier 1 Sukuk (Note 6)	-	-	-	-	-	-	-	(45,109)	(45,109)
Profit paid on Perpetual Tier 1 Sukuk (Note 6)	-	-	-	-	-	(1,468)	(1,468)	-	(1,468)
At 31 March 2022	200,000	80,375	4,777	(6,801)	219	13,165	291,735	76,161	367,896
As at 1 January 2021	157,500	40,000	3,098	1,676	1,469	(12)	203,731	76,363	280,094
Net profit for the period	-	-	-	-	-	2,782	2,782	-	2,782
Other comprehensive income (loss)	-	-	-	238	(523)	-	(285)	-	(285)
Total comprehensive income (loss) for the period	-	-	-	238	(523)	2,782	2,497	-	2,497
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	(2,463)	(2,463)	-	(2,463)
At 31 March 2021	157,500	40,000	3,098	1,914	946	307	203,765	76,363	280,128

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

Warba Bank K.S.C.P.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2022

	Note	Three months ended 31 March	
		2022 KD'000	2021 KD'000
OPERATING ACTIVITIES			
Profit before tax		7,074	2,914
<i>Adjustments for:</i>			
Realised loss (gain) on sale of debt instruments at FVOCI		1	(156)
Realised loss on sale of financial assets at FVPL		-	1
Gain on sale of investment property		(333)	-
Dividend income from financial assets		(1,022)	(593)
Share of results from investments in joint ventures		(1,578)	(1,442)
Net rental income from investment properties		(45)	(169)
Fair value adjustment to investment properties		(7)	6
Other investment income		(432)	(179)
Fair value gain from financial assets at FVPL		(3,258)	(3,702)
Provision for employees' end of service benefits		394	190
Depreciation expense		1,504	1,460
Provision for impairment and credit losses		5,262	10,003
		7,560	8,333
<i>Changes in operating assets and liabilities:</i>			
Placements with banks and the CBK		(1,049)	(26)
Financing receivables		(118,081)	55,820
Other assets		(4,484)	(9,957)
Due to banks and other financial institutions		42,960	29,338
Depositors' accounts		229,419	(104,132)
Other liabilities		(1,114)	16,695
Net cash flows from (used in) operating activities		155,211	(3,929)
INVESTING ACTIVITIES			
Purchase of financial assets at FVPL		(4,260)	(5,469)
Proceeds from sale/ redemption of financial assets at FVPL		13,156	421
Purchase of financial assets at FVOCI		(7,694)	(46,825)
Proceeds from sale of financial assets at FVOCI		4,840	20,178
Additions to investment in joint ventures		(6,248)	(10,163)
Proceeds from sale of investment property		2,935	-
Purchase of property and equipment		(643)	(44)
Dividends received from financial assets		1,022	593
Other investment income received		136	179
Distributions received from joint ventures		1,164	3,770
Rental income received		59	202
Net cash flows from (used in) investing activities		4,467	(37,158)
FINANCING ACTIVITIES			
Profit paid to holders on Perpetual Tier 1 Sukuk		(1,468)	(2,463)
Payment of principal portion of lease liabilities		(890)	(1,015)
Net movement on Sukuk issued		498	(629)
Redemption of Perpetual Tier 1 Sukuk		(45,109)	-
Net cash flows used in financing activities		(46,969)	(4,107)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		112,709	(45,194)
Cash and cash equivalents at 1 January		485,466	443,033
CASH AND CASH EQUIVALENTS AT 31 MARCH	3	598,175	397,839
Additional information on operational cash flows			
Finance costs paid		(12,666)	(15,040)
Finance income received		23,409	24,749

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

1 CORPORATE INFORMATION

Warba Bank K.S.C.P. (the “Bank”) is a Kuwaiti public shareholding company, incorporated on 17 February 2010 in the State of Kuwait by virtue of Amiri Decree No. 289/2009. The Bank is registered as an Islamic banking institution in accordance with the rules and regulations of the Central Bank of Kuwait (the “CBK”) on 7 April 2010 and its shares are publicly traded on the Boursa Kuwait. The Bank’s head office is located at Al-Raya Tower, Mezzanine floor 1, Omar Ibn Al-Khattab Street and its registered postal address is P.O. Box 1220, Safat 13013, State of Kuwait.

The Bank is primarily involved in investment, corporate and retail banking activities in accordance with the principles of Islamic Sharī’a, as approved by the Bank’s Sharī’a Supervisory Board.

The annual general assembly meeting (“AGM”) of the shareholders of the Bank held on 30 March 2022 approved the consolidated financial statements for the year ended 31 December 2021. No cash dividend or bonus shares for the year ended 31 December 2021 (31 December 2020: Nil) were proposed by the Directors and approved by the shareholders at the AGM.

This interim condensed consolidated financial information as at and for the three months ended 31 March 2022 includes the financial information of the Bank and its wholly owned special purpose vehicles (collectively, the “Group”).

The interim condensed consolidated financial information of the Group for the three months ended 31 March 2022 has been approved for issue in accordance with the Board of Directors resolution on 17 April 2022.

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

2.1 Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34 “*Interim Financial Reporting*” except as noted below.

The consolidated financial statements have been 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 amendments:

- (i) Expected credit loss (“ECL”) to be measured at the higher of ECL provision on financing facilities computed under IFRS 9 in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures; and
- (ii) Recognition of modification losses on financial assets arising from payment holidays to customers as a result of COVID during the financial year ended 31 December 2020, as required by CBK circular no. 2/BS/IBS/461/2020 dated 5 July 2020. Modification losses referred to in the circular, should be recognized in retained earnings instead of profit or loss as would be required by IFRS 9. However, modification loss on financial assets arising from any other payment holidays to customers shall be recognized in profit or loss in accordance with IFRS 9. All modification losses incurred after the year ended 31 December 2020 are recognized in the statement of profit or loss. The application of the policy will result in application of different accounting presentation for modification loss in 2020 compared to 2021.

The above framework is herein after referred to as ‘IFRS as adopted by CBK for use by the State of Kuwait’.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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 impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

3 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	<i>31 March 2022 KD'000</i>	<i>(Audited) 31 December 2021 KD'000</i>	<i>31 March 2021 KD'000</i>
Cash	5,424	5,486	5,699
Current account with the CBK	91,172	59,779	60,345
Current account with commercial banks	7,352	14,591	7,401
Total cash and bank balances	103,948	79,856	73,445
Placements with the CBK whose original maturity is within three months	152,545	141,542	99,041
Placements with banks whose original maturity is within three months	341,682	264,068	225,353
Total cash and cash equivalents	598,175	485,466	397,839

4 FINANCING RECEIVABLES

An analysis of the carrying amounts of financing receivables, and the corresponding Expected Credit Losses based on the staging criteria under IFRS 9 in accordance with CBK regulations.

	<i>As at 31 March 2022</i>			
	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables				
High	1,109,015	95,509	-	1,204,524
Standard	1,140,012	136,529	-	1,276,541
Past due or impaired	96,340	44,657	36,317	177,314
	<u>2,345,367</u>	<u>276,695</u>	<u>36,317</u>	<u>2,658,379</u>
	<i>As at 31 December 2021</i>			
	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables				
High	1,016,667	72,994	-	1,089,661
Standard	1,114,773	109,525	-	1,224,298
Past due or impaired	132,307	58,675	35,703	226,685
	<u>2,263,747</u>	<u>241,194</u>	<u>35,703</u>	<u>2,540,644</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

4 FINANCING RECEIVABLES (continued)

	<i>As at 31 March 2021</i>			<i>Total KD 000's</i>
	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	
<i>Financing receivables</i>				
High	1,036,199	12,817	-	1,049,016
Standard	1,083,279	62,450	-	1,145,729
Past due or impaired	204,197	53,342	30,547	288,086
	<u>2,323,675</u>	<u>128,609</u>	<u>30,547</u>	<u>2,482,831</u>

An analysis of the changes in the Expected Credit Losses in relation to financing receivables (cash facilities) computed under IFRS 9 in accordance to the CBK guidelines:

	<i>For the three months ended 31 March 2022</i>			
	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance as at 1 January 2022	21,221	9,408	14,282	44,911
Transfer from Stage 1	(232)	225	7	-
Transfer from Stage 2	419	(571)	152	-
Transfer from Stage 3	79	22	(101)	-
Additional ECL for the period	784	924	1,560	3,268
Amounts written off	-	-	(387)	(387)
At 31 March 2022	<u>22,271</u>	<u>10,008</u>	<u>15,513</u>	<u>47,792</u>

	<i>For the year ended 31 December 2021</i>			
	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
ECL allowance as at 1 January 2021	22,138	3,641	5,027	30,806
Transfer from Stage 1	(1,672)	1,597	75	-
Transfer from Stage 2	323	(960)	637	-
Transfer from Stage 3	767	2	(769)	-
(Reversal) additional ECL for the year	(335)	5,128	18,431	23,224
Amounts written off	-	-	(9,119)	(9,119)
At 31 December 2021	<u>21,221</u>	<u>9,408</u>	<u>14,282</u>	<u>44,911</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

4 FINANCING RECEIVABLES (continued)

	<i>For the three months ended 31 March 2021</i>			
	<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 allowance as at 1 January 2021	22,138	3,641	5,027	30,806
Transfer from Stage 1	(1,660)	1,585	75	-
Transfer from Stage 2	323	(958)	635	-
Transfer from Stage 3	763	1	(764)	-
(Reversal) additional ECL for the period	(2,697)	741	4,188	2,232
Amounts written off	-	-	(882)	(882)
Foreign exchange differences	29	-	-	29
At 31 March 2021	<u>18,896</u>	<u>5,010</u>	<u>8,279</u>	<u>32,185</u>

An analysis of the carrying amounts of contingent liabilities and commitments (non-cash facilities), and the corresponding Expected Credit Losses based on the staging criteria under IFRS 9 in accordance with CBK regulations:

	<i>As at 31 March 2022</i>			
	<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>
<i>Non-cash facilities</i>				
High	67,347	2,764	-	70,111
Standard	90,653	30,118	-	120,771
Past due or impaired	-	-	4,483	4,483
	<u>158,000</u>	<u>32,882</u>	<u>4,483</u>	<u>195,365</u>

	<i>As at 31 December 2021</i>			
	<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>
<i>Non-cash facilities</i>				
High	65,303	4,935	-	70,238
Standard	89,729	32,301	-	122,030
Past due or impaired	-	-	3,858	3,858
	<u>155,032</u>	<u>37,236</u>	<u>3,858</u>	<u>196,126</u>

	<i>As at 31 March 2021</i>			
	<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>
<i>Non-cash facilities</i>				
High	60,092	4,007	-	64,099
Standard	96,698	19,298	-	115,996
Past due or impaired	-	-	4,740	4,740
	<u>156,790</u>	<u>23,305</u>	<u>4,740</u>	<u>184,835</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

4 FINANCING RECEIVABLES (continued)

An analysis of the changes in the Expected Credit Losses in relation to financing receivables (non-cash facilities) computed under IFRS 9 in accordance to the CBK guidelines:

	<i>For the year ended 31 March 2022</i>			
	<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 allowance as at 1 January 2022	2,804	3,170	3,854	9,828
Transfer from Stage 1	(60)	59	1	-
Transfer from Stage 2	35	(38)	3	-
Transfer from Stage 3	5	-	(5)	-
(Reversal) additional ECL for the period	(17)	(855)	626	(246)
At 31 March 2022	<u>2,767</u>	<u>2,336</u>	<u>4,479</u>	<u>9,582</u>

	<i>For the year ended 31 December 2021</i>			
	<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 allowance as at 1 January 2021	4,022	2,079	3,707	9,808
Transfer from Stage 1	(204)	195	9	-
Transfer from Stage 2	-	(11)	11	-
Transfer from Stage 3	5	-	(5)	-
(Reversal) additional ECL for the year	(1,019)	907	132	20
At 31 December 2021	<u>2,804</u>	<u>3,170</u>	<u>3,854</u>	<u>9,828</u>

	<i>For the year ended 31 March 2021</i>			
	<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 allowance as at 1 January 2021	4,022	2,079	3,707	9,808
Transfer from Stage 1	(173)	165	8	-
Transfer from Stage 2	-	(60)	60	-
(Reversal) additional ECL for the period	(1,192)	(578)	956	(814)
At 31 March 2021	<u>2,657</u>	<u>1,606</u>	<u>4,731</u>	<u>8,994</u>

The following tables show reconciliations from the opening to the closing balance of the loss allowance (cash and non-cash facilities) as per CBK instructions:

	<i>31 March 2022</i>		
	<i>Specific</i> <i>KD 000's</i>	<i>General</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
As at 1 January 2022	20,169	59,957	80,126
Charge for the period	622	4,559	5,181
Amounts written off	(387)	-	(387)
Foreign exchange adjustments	-	40	40
	<u>20,404</u>	<u>64,556</u>	<u>84,960</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

4 FINANCING RECEIVABLES (continued)

	<i>31 December 2021</i>		
	Specific <i>KD 000's</i>	General <i>KD 000's</i>	Total <i>KD 000's</i>
As at 1 January 2021	6,121	40,498	46,619
Charge for the period	23,167	19,476	42,643
Amounts written off	(9,119)	-	(9,119)
Foreign exchange adjustments	-	(17)	(17)
	<u>20,169</u>	<u>59,957</u>	<u>80,126</u>
	<u><u>20,169</u></u>	<u><u>59,957</u></u>	<u><u>80,126</u></u>
	<i>31 March 2021</i>		
	Specific <i>KD 000's</i>	General <i>KD 000's</i>	Total <i>KD 000's</i>
As at 1 January 2021	6,121	40,498	46,619
Charge	3,972	6,192	10,164
Amounts written off	(882)	-	(882)
Foreign exchange adjustments	-	(11)	(11)
	<u>9,211</u>	<u>46,679</u>	<u>55,890</u>
	<u><u>9,211</u></u>	<u><u>46,679</u></u>	<u><u>55,890</u></u>

Included within provision an amount of KD 5,381 thousand (31 December 2021: KD 12,998 thousand and 31 March 2021: KD 5,476 thousand) relating to non-cash facilities recorded under other liabilities.

5 SUKUK ISSUED

On 24 September 2019, the Bank completed the series 1 issue of unsecured Sukuk (senior debt) amounting to US\$ 500 million with a tenor of up to 5 years maturing on 24 September 2024. Such sukuk has a fixed coupon rate of 2.982% per annum, payable semi-annually in arrears. The Sukuk is listed on the Irish Stock Exchange (Euronext Dublin) and NASDAQ Dubai.

On 17 June 2020, the Bank completed the issuance of an unsecured Sukuk (senior debt) amounting to KD 150 million with a tenor of up to 5 years maturing on 17 June 2025. Such sukuk has a coupon rate of 1% per annum over the CBK discount rate, payable semi-annually in arrears. The Sukuk is listed on the Irish Stock Exchange (Euronext Dublin).

6 PERPETUAL TIER 1 SUKUK

Tier 1 Sukuk is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The net proceeds of Tier 1 Sukuk are invested by way of Mudaraba with the Bank (as Mudareb), on an unrestricted co-mingling basis, by the Bank in its general business activities carried out through the general Mudaraba pool. At the Bank's sole discretion, it may elect not to make any Mudaraba distributions expected and in such event, the Mudaraba profit will not be accumulated and the event is not considered an event of default.

On 14 March 2017, the Bank, through a Shari'a compliant Sukuk arrangement, issued Tier 1 Sukuk amounting to USD 250 million. The Tier 1 Sukuk is listed on the Irish Stock Exchange and NASDAQ Dubai and callable by the Bank after five-year period ending 14 March 2022 (the "First Call Date") or any profit payment date thereafter subject to certain redemption conditions. Such Sukuk bears a profit rate of 6.5% per annum to be paid semi-annually in arrears until the First Call Date. After that, the expected profit rate will be reset based on then prevailing 5 years U.S Mid Swap Rate plus initial margin of 4.374% per annum.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

6 PERPETUAL TIER 1 SUKUK (continued)

The Tier 1 Sukuk issued in 2017 were redeemed partially on 29 November 2021 through a tender buy-back amounting to USD 101.9 million at a price of 101.42% of their nominal value. Premium paid on the tender buy-back along with the foreign exchange translation were recorded in the consolidated statement of changes in equity for the prior year ended 31 December 2021. On 14 March 2022, the remaining portion of the Tier 1 Sukuk issued in 2017 was fully redeemed by way of exercising the sukuk Call Option amounting to USD 148.1 million at a price of 100% of their nominal value. The Bank made the last profit payment during the period on 13 March 2022.

On 29 November 2021, the Bank, through a Sharī'a compliant Sukuk arrangement, issued Tier 1 Sukuk amounting to USD 250 million. The Tier 1 Sukuk is listed on the Irish Stock Exchange and NASDAQ Dubai and callable by the Bank after five-year period ending 26 November 2026 (the "First Call Date") or any profit payment date thereafter subject to certain redemption conditions. Such Sukuk bears a profit rate of 4% per annum to be paid semi-annually in arrears until the First Call Date. After that, the expected profit rate will be reset based on the prevailing 5 years U.S Mid Swap Rate plus initial margin of 2.748% per annum.

7 PROVISION FOR IMPAIRMENT AND CREDIT LOSSES

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>
Provision charge for financing facilities – specific	622	3,972
Provision charge for financing facilities – general	4,559	6,192
Expected credit losses charge	81	(161)
	<u>5,262</u>	<u>10,003</u>

8 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Bank adjusted for profit paid on Perpetual Tier 1 Sukuk by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Bank adjusted for profit paid on Perpetual Tier 1 Sukuk by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
		<i>(Restated)</i>
Net profit for the period (KD'000)	6,751	2,782
Less: profit payment on Perpetual Tier 1 Sukuk (KD'000)	(1,468)	(2,463)
	<u>5,283</u>	<u>319</u>
Weighted average number of shares outstanding (shares'000)	<u>2,000,000</u>	<u>1,675,810</u>
Basic and diluted earnings per share (fils)	<u>2.64</u>	<u>0.19</u>

The comparative basic and diluted EPS have been restated as a result of the shares issued to the shareholders of the Bank.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

9 RELATED PARTY DISCLOSURES

Related parties comprise the major shareholders, board of directors, entities controlled by them or under their joint control, associates, key management personnel and their close family members. Balances with related parties arise from commercial transactions in the normal course of business on terms approved by the management.

9.1 Remuneration of the Bank's key management personnel:

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Bank and its employees. The Bank considers the members of the Board of Directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IAS 24 *Related Party Disclosures*.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>
Salaries and short-term benefits	517	793
End of service benefits	48	48
	<u>565</u>	<u>841</u>

The AGM of the shareholders of the Bank held on 30 March 2022 approved directors' remuneration for the year ended 31 December 2021 amounting to KD 66 thousand.

9.2 Transactions with Bank's key management personnel and board of directors' members:

The Bank enters into transactions, arrangements and agreements involving senior management, board of directors' members, and their controlled business, or close family members, in the ordinary course of business under the same commercial and market terms, profit and commission rates that apply to non-related parties.

The following table shows the total amount of transactions, which have been entered into with key management personnel and board of directors' members for the relevant financial period/ year which are included in the interim condensed consolidated statement of financial position:

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Financing facilities	355	1,994	1,443
Credit cards	2	5	5
Depositors' accounts	5,794	6,471	3,324

The transactions with related parties included under the contingent liabilities are as follows:

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Letter of guarantees	705	4	4

The number of the board members and executive officers is as follows:

	<i>31 March</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
Financing facilities	18	6	6
Credit cards	3	3	9
Depositors' accounts	56	48	49
Letter of guarantees	4	1	1

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

9 RELATED PARTY DISCLOSURES (continued)

9.2 Transactions with Bank's key management personnel and board of directors' members: (continued)

The transactions with related parties which are included in the interim condensed consolidated statement of profit or loss are as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>
Placements and finance income	3	15
Finance costs and distribution to depositors	84	10

9.3 Transactions with major shareholders and other related parties:

In addition to transactions with key management personnel and board of directors' members, the Bank enters into transactions with major shareholders and other entities which the Bank has direct or indirect control, including common control, joint control and significant influence.

Balances recorded in the interim condensed consolidated statement of financial position are as follows:

	<i>Outstanding balances as at</i>			<i>(Audited)</i>	
	<i>Major shareholders</i>	<i>Other related parties</i>	<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2021</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Depositors' accounts	478,613	939	479,552	494,354	492,731

The number of major shareholders and other related parties is as follows:

	<i>No. of major shareholders</i>	<i>No. of other related parties</i>
<i>31 March 2022</i>		
Depositors' accounts	2	40
<i>31 December 2021 (Audited)</i>		
Depositors' accounts	2	36
<i>31 March 2021</i>		
Depositors' accounts	2	30

Transactions with related parties recorded in the interim condensed consolidated statement of profit or loss are, as follows:

	<i>Transactions values during the period ended</i>			
	<i>Major shareholders</i>	<i>Other related parties</i>	<i>31 March 2022</i>	<i>31 March 2021</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Finance costs and distributions to depositors	1,110	-	1,110	1,383

Outstanding balances at period-end are in the ordinary course of business. The profit rates charged to, and by, related parties are at normal commercial rates. There are no guarantees provided to/ received from related party receivables/payables during the period ended 31 March 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

10 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March</i> <i>2022</i> <i>KD'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD'000</i>	<i>31 March</i> <i>2021</i> <i>KD'000</i>
Acceptances and letters of credit	48,782	52,259	47,713
Letters of guarantee	146,583	143,867	137,122
Contingent liabilities	195,365	196,126	184,835
Capital commitments	133,451	113,063	114,626

11 SEGMENT INFORMATION

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

These operating segments meet the criteria for reportable segments and are as follows:

- **Corporate** - comprising of range of banking services and investment products to corporate customers, in addition to providing commodity and real estate murabaha finance and Ijarah facilities;
- **Retail** - comprising of a diversified range of products and services to individual customers. The range includes consumer finance, credit cards, deposits and other branch related services.
- **Treasury** – comprising of the Bank's funding operations management, local and international Murabaha and other Islamic financing primarily with banks and financial institutions.
- **Investment** - comprising of investment in direct equity, real estate investment and other investments.
- **Other** – comprising of cost center assets and expenses.

Management monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The following table presents net operating income (loss), profit (loss) for the period, total assets and total liabilities information in respect of the Bank's reportable segments:

	<i>31 March 2022</i>					
	<i>Corporate</i> <i>KD'000</i>	<i>Retail</i> <i>KD'000</i>	<i>Treasury</i> <i>KD'000</i>	<i>Investment</i> <i>KD'000</i>	<i>Other</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
Operating income	9,873	4,325	(685)	6,795	-	20,308
Net profit (loss)	4,641	1,523	(762)	6,259	(4,910)	6,751
Total assets	2,051,072	541,416	790,837	365,442	48,292	3,797,059
Total liabilities	654,714	961,820	1,765,178	-	47,451	3,429,163

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

11 SEGMENT INFORMATION (continued)

	31 March 2021					Total KD'000
	Corporate KD'000	Retail KD'000	Treasury KD'000	Investment KD'000	Other KD'000	
Operating income	8,937	3,892	580	6,288	-	19,697
Net profit (loss)	583	1,356	679	4,044	(3,880)	2,782
Total assets	1,980,339	452,078	594,593	335,978	53,138	3,416,126
Total liabilities	560,032	814,468	1,700,315	-	61,183	3,135,998

12 FAIR VALUE 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. Financial instruments comprise financial assets and financial liabilities.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

- Level 1 - quoted (unadjusted) prices in an active market for identical assets and 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 - other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Fair value measurement</i>			
	<i>Total</i> KD'000	<i>Quoted prices in active markets (Level 1)</i> KD'000	<i>Significant observable inputs (Level 2)</i> KD'000	<i>Significant unobservable inputs (Level 3)</i> KD'000
31 March 2022				
<i>Assets measured at fair value on a recurring basis</i>				
<i>Financial assets at FVPL</i>				
Quoted equity instruments	15,901	15,901	-	-
Funds (unquoted)	101,123	-	-	101,123
Other securities (unquoted)	6,236	-	-	6,236
	123,260	15,901	-	107,359
<i>Financial assets at FVOCI</i>				
Quoted Sukuk				
- Sovereign Sukuk	182,203	182,203	-	-
- Corporate Sukuk	69,807	69,807	-	-
	252,010	252,010	-	-
Unquoted Sukuk	730	-	-	730
Unquoted equity instruments	5,613	-	-	5,613
	258,353	252,010	-	6,343

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

		<i>Fair value measurement</i>		
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>31 December 2021 (Audited)</i>	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
<i>Assets measured at fair value on a recurring basis</i>				
<i>Financial assets at FVTPL</i>				
Quoted equity instruments	16,898	16,898	-	-
Funds (unquoted)	94,021	-	-	94,021
Other securities (unquoted)	17,979	-	-	17,979
	<u>128,898</u>	<u>16,898</u>	<u>-</u>	<u>112,000</u>
<i>Financial assets at FVOCI</i>				
<i>Quoted Sukuk</i>				
- Sovereign Sukuk	189,553	189,553	-	-
- Corporate Sukuk	68,587	68,587	-	-
	<u>258,140</u>	<u>258,140</u>	<u>-</u>	<u>-</u>
<i>Unquoted Sukuk</i>				
Unquoted equity instruments	5,613	-	-	5,613
	<u>263,753</u>	<u>258,140</u>	<u>-</u>	<u>5,613</u>
<i>Assets measured at fair value on a recurring basis</i>				
<i>Financial assets at FVPL</i>				
Quoted equity instruments	15,902	15,902	-	-
Funds (unquoted)	65,515	-	-	65,515
Other securities (unquoted)	18,261	-	-	18,261
	<u>99,678</u>	<u>15,902</u>	<u>-</u>	<u>83,776</u>
<i>Financial assets at FVOCI</i>				
<i>Quoted Sukuk</i>				
- Sovereign Sukuk	186,483	186,483	-	-
- Corporate Sukuk	53,975	53,975	-	-
	<u>240,458</u>	<u>240,458</u>	<u>-</u>	<u>-</u>
<i>Unquoted Sukuk</i>				
Unquoted equity instruments	15,455	-	-	15,455
	<u>5,538</u>	<u>-</u>	<u>-</u>	<u>5,538</u>
	<u>261,451</u>	<u>240,458</u>	<u>-</u>	<u>20,993</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

12 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Movements in Level 3 financial instruments measured at fair value

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets measured at fair value:

	31 March 2022					
	At				Exchange	At
	1 January	Additions	Sales/ redemptions	Change in fair value	rate movements	31 March
	KD'000	KD'000	KD'000	KD'000	KD'000	2022 KD'000
<i>Financial assets at FVPL</i>						
Funds (unquoted)	94,021	4,257	(1,660)	4,173	332	101,123
Other securities (unquoted)	17,979	-	(11,496)	(276)	29	6,236
	112,000	4,257	(13,156)	3,897	361	107,359
<i>Financial assets at FVOCI</i>						
Unquoted Sukuk	-	754	-	(29)	5	730
Unquoted equity instruments	5,613	-	-	-	-	5,613
	5,613	754	-	(29)	5	6,343
<i>31 December 2021 (Audited)</i>						
	At				Exchange	At
	1 January	Additions	Sales/ redemptions	Change in fair value	rate movements	31 December
	2021	KD'000	KD'000	KD'000	KD'000	2021 KD'000
<i>Financial assets at FVTPL</i>						
Funds (unquoted)	57,792	34,086	(6,660)	9,340	(537)	94,021
Other securities (unquoted)	17,557	1,153	-	(683)	(48)	17,979
	75,349	35,239	(6,660)	8,657	(585)	112,000
<i>Financial assets at FVOCI</i>						
Unquoted Sukuk	6,303	-	(6,014)	(237)	(52)	-
Unquoted equity instruments	5,538	30	-	45	-	5,613
	11,841	30	(6,014)	(192)	(52)	5,613
<i>31 March 2021</i>						
	At				Exchange	At
	1 January	Additions	Sales/ redemptions	Change in fair value	rate movements	31 March
	2021	KD'000	KD'000	KD'000	KD'000	2021 KD'000
<i>Financial assets at FVPL</i>						
Funds (unquoted)	57,792	4,601	(389)	3,908	(397)	65,515
Other securities (unquoted)	17,557	821	-	(51)	(66)	18,261
	75,349	5,422	(389)	3,857	(463)	83,776
<i>Financial assets at FVOCI</i>						
Unquoted Sukuk	6,303	9,038	-	120	(6)	15,455
Unquoted equity instruments	5,538	-	-	-	-	5,538
	11,841	9,038	-	120	(6)	20,993

There were no transfers between any levels of the fair value hierarchy during 2022 or 2021.

The valuation techniques and inputs used in this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

13 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	<i>Positive fair value</i>	<i>Negative fair value</i>	<i>KD Notional amount</i>
<i>31 March 2021</i>			
Forward contracts	-	-	-

All derivative contracts are fair valued based on observable market inputs and are classified as level 1.

14 IMPACT OF COVID-19

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 sectors 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.