

**KUWAIT FINANCE HOUSE K.S.C.P. AND
ITS SUBSIDIARIES**

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

31 MARCH 2022



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Kuwait Finance House K.S.C.P. (“the Bank”) and its subsidiaries (collectively “the Group”) as at 31 March 2022 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three 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 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 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 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, and its executive regulations, as amended, or of the Bank's Articles of Association and Memorandum of Incorporation, as amended, during the three months period ended 31 March 2022 that might have had a material effect on the business of the Bank or on its financial position.

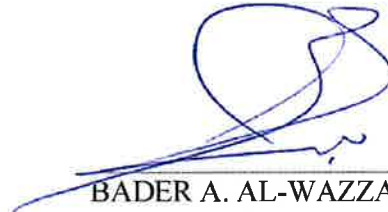
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

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 organization of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three months period ended 31 March 2022 that might have had a material effect on the business of the Bank or on its financial position.



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21 April 2022
Kuwait

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

For the period ended 31 March 2022

	Notes	<i>KD 000's</i>	
		<i>Three months ended</i>	
		31 March 2022	31 March 2021
INCOME			
Financing income		230,313	224,760
Finance cost and estimated distribution to depositors	3	(71,271)	(71,151)
Net financing income		159,042	153,609
Investment income		11,864	3,489
Fees and commission income		18,154	17,750
Net gain from foreign currencies		34,332	19,241
Other operating income		4,785	9,296
TOTAL OPERATING INCOME		228,177	203,385
OPERATING EXPENSES			
Staff costs		(50,854)	(47,274)
General and administrative expenses		(19,899)	(17,902)
Depreciation and amortisation		(9,192)	(10,603)
TOTAL OPERATING EXPENSES		(79,945)	(75,779)
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENT		148,232	127,606
Provisions and impairment		(40,430)	(56,117)
OPERATING PROFIT BEFORE TAXATION		107,802	71,489
Taxation	5	(20,662)	(10,092)
PROFIT FOR THE PERIOD		87,140	61,397
Attributable to:			
Shareholders of the Bank		69,500	50,004
Non-controlling interests		17,640	11,393
		87,140	61,397
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK	4	7.55 fils	5.43 fils

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 31 March 2022

	<i>KD 000's</i>	
	<i>Three months ended</i>	
	<i>31 March 2022</i>	<i>31 March 2021</i>
Profit for the period	87,140	61,397
<i>Items that will not be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
Revaluation gain on equity instruments at fair value through other comprehensive income	6,927	6,511
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
Sukuk investments at fair value through other comprehensive income:		
Net change in fair value during the period	14,020	(9,741)
Net transfer to interim condensed consolidated statement of income	(2,151)	(12,714)
Net gain (loss) on sukuk investments at fair value through other comprehensive income	11,869	(22,455)
Share of other comprehensive income from associates and joint ventures	18	230
Exchange differences on translation of foreign operations	(79,931)	(42,206)
Other comprehensive loss for the period	(61,117)	(57,920)
Total comprehensive income for the period	26,023	3,477
Attributable to:		
Shareholders of the Bank	23,673	6,858
Non-controlling interests	2,350	(3,381)
	26,023	3,477

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

		<i>KD 000's</i>		
		<i>(Audited)</i>		
	<i>Notes</i>	<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2021</i>
ASSETS				
Cash and balances with banks and financial institutions	7	1,989,899	2,325,092	3,014,176
Due from banks		3,393,844	3,349,685	2,693,824
Financing receivables	8	11,851,885	11,355,363	10,869,633
Investment in Sukuk		2,963,501	2,734,922	2,716,959
Trading properties		96,337	96,304	102,087
Investments		232,237	218,754	207,023
Investment in associates and joint ventures		481,473	491,703	497,860
Investment properties		300,375	325,128	352,324
Other assets		626,536	654,468	510,361
Intangible assets		31,575	32,351	32,954
Property and equipment		195,847	204,442	221,202
TOTAL ASSETS		22,163,509	21,788,212	21,218,403
LIABILITIES				
Due to banks and financial institutions		3,047,943	2,594,754	2,771,471
Sukuk payables		179,602	216,717	241,139
Depositors' accounts		15,789,177	15,866,901	15,309,217
Other liabilities		916,537	802,658	871,217
TOTAL LIABILITIES		19,933,259	19,481,030	19,193,044
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK				
Share capital	9	928,571	844,155	844,155
Share premium		720,333	720,333	720,333
Proposed issue of bonus shares	9	-	84,416	-
Treasury shares		(27,828)	(27,739)	(27,739)
Reserves	6	231,561	209,996	329,060
		1,852,637	1,831,161	1,865,809
Proposed cash dividends	9	-	100,442	-
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK		1,852,637	1,931,603	1,865,809
Perpetual Tier 1 Sukuk	10	227,925	226,875	-
Non-controlling interests		149,688	148,704	159,550
TOTAL EQUITY		2,230,250	2,307,182	2,025,359
TOTAL LIABILITIES AND EQUITY		22,163,509	21,788,212	21,218,403


HAMAD ABDOUL MOHSEN AL-MARZOUQ
(CHAIRMAN)


ABDULWAHAB ISSA ALRUSHOOD
(ACTING GROUP CHIEF EXECUTIVE OFFICER)

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

	<i>Attributable to shareholders of the Bank</i>								<i>Perpetual Tier 1 Sukuk</i>	<i>Non- controlling interests</i>	<i>Total equity</i>
	<i>Share capital</i>	<i>Share premium</i>	<i>Proposed issue of bonus shares</i>	<i>Treasury shares</i>	<i>Reserves (Note 6)</i>	<i>Subtotal</i>	<i>Proposed cash dividends</i>	<i>Subtotal</i>			
Balance at 1 January 2022	844,155	720,333	84,416	(27,739)	209,996	1,831,161	100,442	1,931,603	226,875	148,704	2,307,182
Profit for the period	-	-	-	-	69,500	69,500	-	69,500	-	17,640	87,140
Other comprehensive loss	-	-	-	-	(45,827)	(45,827)	-	(45,827)	-	(15,290)	(61,117)
Total comprehensive income	-	-	-	-	23,673	23,673	-	23,673	-	2,350	26,023
Issue of bonus shares (Note 9)	84,416	-	(84,416)	-	-	-	-	-	-	-	-
Cash dividends (Note 9)	-	-	-	-	-	-	(100,442)	(100,442)	-	-	(100,442)
Net movement in treasury shares	-	-	-	(89)	-	(89)	-	(89)	-	-	(89)
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	-	-	(1,050)	(1,050)	-	(1,050)	1,050	-	-
Group's share of associate adjustments	-	-	-	-	(1,058)	(1,058)	-	(1,058)	-	-	(1,058)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(1,940)	(1,940)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	574	574
Balance at 31 March 2022	928,571	720,333	-	(27,828)	231,561	1,852,637	-	1,852,637	227,925	149,688	2,230,250

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

For the period ended 31 March 2022

	<i>Attributable to shareholders of the Bank</i>								<i>KD 000's</i>		
	<i>Share capital</i>	<i>Share premium</i>	<i>Proposed issue of bonus shares</i>	<i>Treasury shares</i>	<i>Reserves (Note 6)</i>	<i>Subtotal</i>	<i>Proposed cash dividends</i>	<i>Subtotal</i>	<i>Perpetual Tier 1 Sukuk</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
Balance at 1 January 2021	767,414	720,333	76,741	(27,739)	323,199	1,859,948	76,093	1,936,041	-	165,357	2,101,398
Profit for the period	-	-	-	-	50,004	50,004	-	50,004	-	11,393	61,397
Other comprehensive loss	-	-	-	-	(43,146)	(43,146)	-	(43,146)	-	(14,774)	(57,920)
Total comprehensive income (loss)	-	-	-	-	6,858	6,858	-	6,858	-	(3,381)	3,477
Issue of bonus shares (Note 9)	76,741	-	(76,741)	-	-	-	-	-	-	-	-
Cash dividends (Note 9)	-	-	-	-	-	-	(76,093)	(76,093)	-	-	(76,093)
Group's share of associate adjustments	-	-	-	-	(997)	(997)	-	(997)	-	-	(997)
Net other changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(2,426)	(2,426)
Balance at 31 March 2021	844,155	720,333	-	(27,739)	329,060	1,865,809	-	1,865,809	-	159,550	2,025,359

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 31 March 2022

		<i>KD 000's</i>	
		<i>Three months ended</i>	
	<i>Notes</i>	<i>31 March 2022</i>	<i>31 March 2021</i>
OPERATING ACTIVITIES			
Profit for the period		87,140	61,397
Adjustments to reconcile profit to net cash flows:			
Depreciation and amortisation		9,192	10,603
Provisions and impairment		40,430	56,117
Gain on sale of investments		(3,196)	(5,620)
Dividend income		(957)	(264)
Share of results of associates and joint ventures		(5,065)	(1,919)
Gain on sale of investment properties		(521)	(914)
		127,023	119,400
Changes in operating assets and liabilities			
<i>Decrease (increase) in operating assets:</i>			
Financing receivables and due from banks		(295,267)	(111,358)
Investment in Sukuks		(213,466)	18,609
Trading properties		(33)	308
Other assets		27,932	217,698
Statutory deposit with Central Banks		81,501	(174,538)
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		453,189	(182,644)
Depositors' accounts		(77,724)	(8,118)
Other liabilities		(65,775)	(80,872)
Net cash flows from (used in) operating activities		37,380	(201,515)
INVESTING ACTIVITIES			
Investments, net		(18,874)	7,310
Additions/ purchase of investment properties		(24)	(1,811)
Proceeds from sale of investment properties		18,648	1,942
Purchase of property and equipment		(4,767)	(6,753)
Proceeds from sale of property and equipment		372	5,080
Intangible assets, net		776	(564)
Proceeds from sale/redemption of investment in associates and joint ventures		12,008	2,815
Dividend received and capital redemption		4,659	4,078
Net cash flows from investing activities		12,798	12,097
FINANCING ACTIVITIES			
Movement in Sukuk payable		(37,115)	(73,966)
Net movement in treasury shares		(89)	-
Net cash flows used in financing activities		(37,204)	(73,966)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		12,974	(263,384)
Cash and cash equivalents at 1 January	7	2,888,168	3,351,559
CASH AND CASH EQUIVALENTS AT 31 MARCH	7	2,901,142	3,088,175

The attached notes 1 to 16 form part of the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 31 March 2022

1 INCORPORATION AND REGISTRATION

The interim condensed consolidated financial information of Kuwait Finance House K.S.C.P. (“the Bank”) and subsidiaries (collectively “the Group”) for the three months period ended 31 March 2022 were authorised for issue by the Bank’s Board of Directors on 11 April 2022.

The shareholders’ annual ordinary general assembly held on 21 March 2022 approved the audited consolidated financial statements of the Group for the year ended 31 December 2021.

The Bank is a public shareholding company incorporated in Kuwait on 23 March 1977 and is registered as an Islamic bank with the Central Bank of Kuwait. It is engaged in all Islamic banking activities for its own account as well as for third parties, including financing, purchase and sale of investments, leasing, project construction and other trading activities without practising usury. The Bank’s registered head office is at Abdulla Al-Mubarak Street, Murqab, Kuwait.

All activities are conducted in accordance with Islamic Shari’a, as approved by the Bank’s Fatwa and Shari’a Supervisory Board.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The 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 2021 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 the International Accounting Standards Board (IASB) with the following amendments:

- ▶ Expected credit loss (“ECL”) to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 – Financial Instruments (“IFRS 9”) in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures; and
- ▶ 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/461/2021 dated 5 July 2020. Modification losses referred to in the circular, should be recognised 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 recognised in profit or loss in accordance with IFRS 9. All modification losses incurred after the year ended 31 December 2020 are recognised in the interim condensed consolidated statement of income. The application of the policy resulted in application of different accounting presentation for modification loss in 2020 compared to 2021.

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 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 2021.

Further, results for the three months period ended 31 March 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 31 March 2022

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the 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, 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.

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 statements of the Group as there were no significant modifications of the Group's financial instruments during the period.

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

3 FINANCE COST AND ESTIMATED DISTRIBUTION TO DEPOSITORS

The management of the Bank has estimated distribution to depositors and profit attributable to Bank's shareholders based on the results for the three months period ended 31 March 2022. The actual distribution to depositors and profit attributable to Bank's shareholders could be different from the amounts presented in the interim condensed consolidated statement of income.

The actual profit to be distributed to all parties concerned will be determined by the Board of Directors of the Bank in accordance with the Bank's Articles of Association, based on the annual audited results for the year ending 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 31 March 2022

4 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE BANK

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period after adjusting for treasury shares held by the Group.

	<i>Three months ended</i>	
	<i>31 March 2022</i>	<i>31 March 2021</i>
Basic and diluted earnings per share:		
Profit for the period attributable to shareholders of the Bank (thousand KD)	69,500	50,004
Weighted average number of shares outstanding during the period, net of treasury shares (thousand shares)	9,207,166	9,207,191
Basic and diluted earnings per share attributable to the shareholders of the Bank	7.55 fils	5.43 fils

The weighted average number of shares outstanding for the current and comparative period have been adjusted to reflect the bonus shares issuance, approved during the period (Note 9). The employees' shares-based payments plan has no impact on earnings per share.

5 TAXATION

	<i>KD 000's</i>	
	<i>Three months ended</i>	
	<i>31 March 2022</i>	<i>31 March 2021</i>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)	(575)	(309)
National Labour Support Tax (NLST)	(1,132)	(1,066)
Zakat (based on Zakat Law No. 46/2006)	(744)	(371)
Taxation related to subsidiaries	(18,211)	(8,346)
	(20,662)	(10,092)

Kuwait Finance House K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2022

6 RESERVES

The movement of reserves is analysed as follows:

	<i>31 March 2022</i>							<i>KD 000's</i>
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Other reserves</i>	<i>Total</i>
Balance at 1 January 2022	365,663	233,723	1,346	15,028	57,001	(439,587)	(23,178)	209,996
Profit for the period	-	-	69,500	-	-	-	-	69,500
Other comprehensive income (loss)	-	-	-	-	2,311	(48,138)	-	(45,827)
Total comprehensive income (loss)	-	-	69,500	-	2,311	(48,138)	-	23,673
Perpetual Tier 1 Sukuk foreign currency translation adjustment	-	-	(1,050)	-	-	-	-	(1,050)
Group's share of associate adjustments	-	-	(1,058)	-	-	-	-	(1,058)
Balance at 31 March 2022	365,663	233,723	68,738	15,028	59,312	(487,725)	(23,178)	231,561

	<i>31 March 2021</i>							<i>KD 000's</i>
	<i>Statutory reserve</i>	<i>Voluntary reserve</i>	<i>Retained earnings</i>	<i>Treasury shares reserve</i>	<i>Fair value reserve</i>	<i>Foreign exchange translation reserve</i>	<i>Other reserves</i>	<i>Total</i>
Balance at 1 January 2021	340,325	228,893	1,306	15,028	66,933	(305,515)	(23,771)	323,199
Profit for the period	-	-	50,004	-	-	-	-	50,004
Other comprehensive loss	-	-	-	-	(11,229)	(31,917)	-	(43,146)
Total comprehensive income (loss)	-	-	50,004	-	(11,229)	(31,917)	-	6,858
Group's share of associate adjustments	-	-	(997)	-	-	-	-	(997)
Balance at 31 March 2021	340,325	228,893	50,313	15,028	55,704	(337,432)	(23,771)	329,060

Kuwait Finance House K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

At 31 March 2022

7 CASH AND CASH EQUIVALENTS

	<i>KD 000's</i>		
	<i>31 March 2022</i>	<i>(Audited) 31 December 2021</i>	<i>31 March 2021</i>
Cash	208,536	204,187	297,295
Balances with Central Banks	1,365,026	1,566,773	2,367,049
Balances with banks and financial institutions – current accounts	416,337	554,132	349,832
Cash and balances with banks and financial institutions	1,989,899	2,325,092	3,014,176
Due from banks maturing within 3 months of contract date	2,072,232	1,805,566	1,069,653
Less: Statutory deposits with Central Banks	(1,160,989)	(1,242,490)	(995,654)
Cash and cash equivalents	<u>2,901,142</u>	<u>2,888,168</u>	<u>3,088,175</u>

8 FINANCING RECEIVABLES

	<i>KD 000's</i>		
	<i>31 March 2022</i>	<i>(Audited) 31 December 2021</i>	<i>31 March 2021</i>
Financing receivables, net of deferred and suspended profit	12,499,269	12,006,745	11,472,107
Less: impairment	(647,384)	(651,382)	(602,474)
	<u>11,851,885</u>	<u>11,355,363</u>	<u>10,869,633</u>

The available provision balance on non-cash facilities of KD 13,747 thousand (31 December 2021: KD 14,684 thousand and 31 March 2021: KD 16,106 thousand) is included under other liabilities.

Total provision for ECL is accounted as per CBK regulation which require ECL to be measured at the higher of the ECL computed under IFRS 9 in accordance with CBK or the provision required by CBK instructions. Total provision for credit losses recorded as per CBK instructions for utilized and unutilized cash and non-cash financing facilities as at 31 March 2022 is KD 661,131 thousand (31 December 2021: KD 666,066 thousand and 31 March 2021: KD 618,580 thousand) which exceeds the ECL for financing receivables under IFRS 9 in accordance with CBK, by KD 388,560 thousand (31 December 2021: KD 367,231 thousand and 31 March 2021: KD 245,836 thousand).

<i>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	10,448,242	1,704,657	346,370	12,499,269
Financing commitments and contingent liabilities (Note 12)	1,100,124	228,641	18,797	1,347,562
ECL provision for credit facilities	<u>26,753</u>	<u>106,115</u>	<u>139,703</u>	<u>272,571</u>

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8 FINANCING RECEIVABLES (continued)

<i>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	9,880,080	1,744,464	382,201	12,006,745
Financing commitments and contingent liabilities (Note 12)	1,075,925	265,574	21,156	1,362,655
ECL provision for credit facilities	31,495	120,110	147,230	298,835
 <i>31 March 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	9,082,960	1,854,151	534,996	11,472,107
Financing commitments and contingent liabilities (Note 12)	1,224,922	312,998	23,147	1,561,067
ECL provision for credit facilities	27,390	120,486	224,868	372,744

An analysis of the changes in the expected credit losses in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance to the CBK guidelines is detailed below:

<i>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	31,495	120,110	147,230	298,835
Impact due to transfer between stages	5,870	(3,908)	(1,962)	-
Net (decrease) increase in ECL for the period	(8,493)	5,957	13,657	11,121
Amounts written off	-	-	(7,865)	(7,865)
Foreign exchange adjustments	(2,119)	(16,044)	(11,357)	(29,520)
At 31 March 2022	<u>26,753</u>	<u>106,115</u>	<u>139,703</u>	<u>272,571</u>
 <i>31 March 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	35,381	162,964	161,189	359,534
Impact due to transfer between stages	518	(15,430)	14,912	-
Net (decrease) increase in ECL for the period	(7,891)	(23,378)	67,284	36,015
Amounts written off	-	-	(11,728)	(11,728)
Foreign exchange adjustments	(618)	(3,670)	(6,789)	(11,077)
At 31 March 2021	<u>27,390</u>	<u>120,486</u>	<u>224,868</u>	<u>372,744</u>

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9 SHARE CAPITAL, ISSUE OF BONUS SHARES AND CASH DIVIDENDS

The ordinary general assembly of the Bank's shareholders held on 21 March 2022 approved to distribute bonus shares of 10% (2020: 10%) of the issued and fully paid share capital, and cash dividends of 12 fils per share (2020: 10 fils per share) to the Bank's shareholders, for the year ended 31 December 2021. The approved bonus shares and cash dividend will be distributed to the shareholders registered in the Bank's records as at 7 April 2022 and distributed to the shareholders on 12 April 2022. The cash dividend payable amounting to KD 100,442 thousand is included under other liabilities as at 31 March 2022.

The Extra-ordinary general assembly of the Bank's shareholders held on 21 March 2022 also approved to increase the authorised share capital to be comprised of 13,485,707,127 shares (31 December 2021: 12,641,551,934 and 31 March 2021: 12,641,551,934) shares of 100 fils each.

The issued, and fully paid share capital as at 31 March 2022 comprise of 9,285,707,127 shares (31 December 2021: 8,441,551,934 and 31 March 2021: 8,441,551,934) shares of 100 fils each.

10 PERPETUAL TIER 1 SUKUK

On 30 June 2021, the Bank through a Sharia's compliant Sukuk arrangement issued Perpetual Tier 1 Sukuk amounting to USD 750 million. The 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 Perpetual Tier 1 Sukuk is listed on the London Stock Exchange and callable by the Bank after five-year period ending June 2026 (the "First Call Date") or any profit payment date thereafter subject to certain redemption conditions.

The net proceeds of the Perpetual 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. Perpetual Tier 1 Sukuk bears an expected profit rate of 3.6% per annum to be paid semi-annually in accordance with the terms of the issue. Transaction costs incurred on the issue of the Perpetual Tier 1 Sukuk is accounted as a deduction from equity.

11 DIRECTORS' FEES

The ordinary general assembly meeting of the shareholders of the Bank for the year ended 31 December 2021 held on 21 March 2022 approved the directors' fees proposed for the year ended 31 December 2021 of KD 1,096 thousand (2020: KD 608 thousand).

12 CONTINGENCIES AND COMMITMENTS

At the financial position date there were outstanding contingencies and commitments entered into in the ordinary course of business in respect of the following:

	<i>KD 000's</i>		
	<i>31 March 2022</i>	<i>(Audited) 31 December 2021</i>	<i>31 March 2021</i>
Acceptances and letters of credit	226,209	195,008	195,732
Letters of guarantee	1,121,353	1,167,647	1,365,335
Contingencies	1,347,562	1,362,655	1,561,067
Capital commitments and others	275,351	281,289	326,898

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13 RELATED PARTY TRANSACTIONS

Certain related parties (major shareholders, directors and executive employees, officers of the Group, their immediate relatives, associated companies joint ventures and companies of which they are the principal owners) are depositors and financing facilities customers of the Group, in the ordinary course of business. Such transactions were made on substantially the same terms, including profit rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk.

The balances included in the interim condensed consolidated statement of financial position are as follows:

		<i>KD 000's</i>							
				<i>Board members and executive officers</i>		<i>Other related parties</i>		<i>Total (Audited)</i>	
		<i>Major shareholders</i>	<i>Associates</i>	<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2021</i>			
Related parties									
Financing receivables	-	202,942	2,648	1,137	206,727	226,714	261,206		
Due to banks and financial institutions	708,380	45,666	-	-	754,046	744,591	876,734		
Depositors' accounts	-	22,342	14,631	7,876	44,849	54,652	52,964		
Contingencies and commitments	486	5,481	-	411	6,378	6,848	10,728		

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

							<i>KD 000's</i>		
				<i>Board members and executive officers</i>		<i>Other related parties</i>		<i>Total Three months ended</i>	
		<i>Major shareholders</i>	<i>Associates</i>	<i>31 March 2022</i>	<i>31 March 2021</i>				
Financing income	-	1,372	38	10	1,420	2,039			
Fee and commission income	-	7	43	1	51	146			
Finance cost and estimated distribution to depositors	1,356	126	37	119	1,638	2,707			

Salaries, allowances and bonuses of key management personnel, termination benefits of key management personnel and remuneration of board members of the Bank and all consolidated subsidiaries are as follows:

		<i>KD 000's</i>	
		<i>Total Three months ended</i>	
		<i>31 March 2022</i>	<i>31 March 2021</i>
Salaries, allowances and bonuses of key management personnel		4,733	4,743
Termination and long term benefits of key management personnel		471	240
Board of directors' remuneration		40	43
		5,244	5,026

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13 RELATED PARTY TRANSACTIONS (continued)

Details of the interests of the Group's Board Members, Executive Officers and their immediate relatives are as follows:

	<i>KD 000's</i>								
	<i>The number of Board Members or Executive Officers</i>			<i>The number of related parties (Relatives of Board Members or Executive Officers)</i>			<i>Values</i>		
	<i>(Audited)</i>			<i>(Audited)</i>			<i>(Audited)</i>		
	<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2021</i>	<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2021</i>	<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2021</i>
Board Members									
Finance facilities and credit cards	23	23	28	18	17	21	1,242	1,122	1,191
Depositors' accounts	49	49	51	125	122	123	11,795	13,321	18,612
Collateral against finance facilities	2	1	1	2	1	2	2,394	1,771	2,322
Executive Officers									
Finance facilities and credit cards	66	70	67	17	18	15	2,378	2,532	2,202
Depositors' accounts	80	79	79	112	114	117	9,024	8,465	12,604
Collateral against finance facilities	6	7	6	2	1	3	1,547	1,755	2,548

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14 SEGMENTAL ANALYSIS

Primary segment information

For management purposes, the Group is organized into four major business segments. The principal activities and services under these segments are as follows:

Treasury:	Liquidity management, murabaha investments, investment in Sukuk, exchange of deposits with banks and financial institutions and international banking relationships.
Retail and Private Banking:	Consumer banking provides a diversified range of products and services to individual. Private banking provides comprehensive range of customised and innovative banking services to high net worth individuals
Corporates Banking:	Providing a range of banking services and investment products to corporates, providing commodity and real estate murabaha finance, local leasing, wakala and istisna'a facilities.
Investment:	Managing direct equity and real estate investments, non-banking Group entities, associates and joint ventures.

	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Retail and private banking</i>	<i>Corporate banking</i>	<i>Investment</i>	<i>Total</i>
31 March 2022					
Total assets	<u>7,480,910</u>	<u>7,153,342</u>	<u>5,878,583</u>	<u>1,650,674</u>	<u>22,163,509</u>
Total liabilities	<u>3,448,968</u>	<u>12,919,981</u>	<u>2,976,211</u>	<u>588,099</u>	<u>19,933,259</u>
Operating income	<u>34,887</u>	<u>90,586</u>	<u>73,302</u>	<u>29,402</u>	<u>228,177</u>
Provisions and impairment	<u>(940)</u>	<u>(2,722)</u>	<u>(15,631)</u>	<u>(21,137)</u>	<u>(40,430)</u>
Profit (loss) for the period	<u>29,776</u>	<u>39,239</u>	<u>40,983</u>	<u>(22,858)</u>	<u>87,140</u>

	<i>KD 000's</i>				
	<i>Treasury</i>	<i>Retail and private Banking</i>	<i>Corporate Banking</i>	<i>Investment</i>	<i>Total</i>
31 March 2021					
Total assets	<u>7,309,532</u>	<u>6,554,835</u>	<u>5,697,748</u>	<u>1,656,288</u>	<u>21,218,403</u>
Total liabilities	<u>3,381,480</u>	<u>12,417,563</u>	<u>2,893,299</u>	<u>500,702</u>	<u>19,193,044</u>
Operating income	<u>20,120</u>	<u>85,019</u>	<u>59,983</u>	<u>38,263</u>	<u>203,385</u>
Provisions and impairment	<u>9,448</u>	<u>(3,620)</u>	<u>(41,139)</u>	<u>(20,806)</u>	<u>(56,117)</u>
Profit (loss) for the period	<u>26,646</u>	<u>32,441</u>	<u>(716)</u>	<u>3,026</u>	<u>61,397</u>

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15 FAIR VALUES

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

Level 1: quoted (unadjusted) prices in active markets.

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 that are not based on observable market data.

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 March 2022:

	<i>KD 000's</i>			
Financial assets measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at fair value profit and loss	-	16,169	-	16,169
Equities at FVTPL	51,400	32,536	18,854	102,790
Equities at FVOCI	53,016	-	60,262	113,278
Investment in Sukuk FVTPL	330,288	-	-	330,288
Investment in Sukuk FVOCI	2,402,671	-	49,126	2,451,797
<i>Derivative financial assets:</i>				
Forward contracts	-	2,454	-	2,454
Currency swaps	-	51,069	-	51,069
	<u>2,837,375</u>	<u>102,228</u>	<u>128,242</u>	<u>3,067,845</u>
	<u><u>2,837,375</u></u>	<u><u>102,228</u></u>	<u><u>128,242</u></u>	<u><u>3,067,845</u></u>
Financial liabilities measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	3,073	-	3,073
Profit rate swaps	-	3,937	-	3,937
Currency swaps	-	2,024	-	2,024
Embedded precious metals	-	325	-	325
	<u>-</u>	<u>9,359</u>	<u>-</u>	<u>9,359</u>
	<u><u>-</u></u>	<u><u>9,359</u></u>	<u><u>-</u></u>	<u><u>9,359</u></u>

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 31 December 2021:

	<i>KD 000's</i>			
Financial assets measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
Venture capital at fair value profit and loss	-	16,169	-	16,169
Equities at FVTPL	55,473	29,237	12,003	96,713
Equities at FVOCI	45,441	-	60,431	105,872
Investment in Sukuk FVTPL	299,309	-	-	299,309
Investment in Sukuk FVOCI	2,247,873	-	60,090	2,307,963
<i>Derivative financial assets:</i>				
Forward contracts	-	12,379	-	12,379
Currency swaps	-	11,254	-	11,254
Embedded precious metals	-	12,594	-	12,594
	<u>2,648,096</u>	<u>81,633</u>	<u>132,524</u>	<u>2,862,253</u>
	<u><u>2,648,096</u></u>	<u><u>81,633</u></u>	<u><u>132,524</u></u>	<u><u>2,862,253</u></u>

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15 FAIR VALUES (continued)

	<i>KD 000's</i>			
Financial liabilities measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	3,095	-	3,095
Profit rate swaps	-	13,620	-	13,620
Currency swaps	-	4,662	-	4,662
Embedded precious metals	-	227	-	227
	-	21,604	-	21,604

The following table provides the fair value measurement hierarchy of the Group financial assets and financial liabilities as at 31 March 2021:

	<i>KD 000's</i>			
Financial assets measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Venture capital at fair value through statement of income</i>				
	-	16,068	-	16,068
Equities at FVTPL	7,383	35,018	43,566	85,967
Equities at FVOCI	36,529	-	68,459	104,988
Investment in Sukuk FVPL	311,713	-	-	311,713
Investment in Sukuk FVOCI	2,219,195	-	78,299	2,297,494
<i>Derivative financial assets:</i>				
Forward contracts	-	7,915	-	7,915
Currency swaps	-	33,787	-	33,787
	2,574,820	92,788	190,324	2,857,932

	<i>KD 000's</i>			
Financial liabilities measured at fair value:	<i>(Level 1)</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>Total</i>
<i>Derivative financial liabilities:</i>				
Forward contracts	-	2,155	-	2,155
Profit rate swaps	-	17,578	-	17,578
Currency swaps	-	15,798	-	15,798
Embedded precious metals	-	172	-	172
	-	35,703	-	35,703

No transfers have been made between the levels of hierarchy.

Level 3 investments included unquoted Sukuk of KD 49,126 thousand (31 December 2021: KD 60,090 thousand and 31 March 2021: KD 78,299) and unquoted equity investments of KD 79,116 thousand (31 December 2021: KD 72,434 thousand and 31 March 2021: KD 112,025). Investment in Sukuk included in this category represent Investment in Sukuk issued by sovereign entities, financial institutions and corporates. The fair values of unquoted Investment in Sukuk are estimated using discounted cash flow method using discount rate ranging from 2.9% to 8.7% (31 December 2021: 1.2% to 6.4% and 31 March 2021: 1.2% to 6.3%). Unquoted equity investments are fair valued using valuation technique that is appropriate in the circumstances. Valuation techniques include discounted cash flow models, observable market information of comparable companies, recent transaction information and net asset values. Significant unobservable inputs used in valuation techniques mainly include discount rate, terminal growth rate, revenue and profit estimates. The impact on the consolidated statement of financial position or the consolidated statement of income or the consolidated statement of changes in equity would be immaterial if the relevant risk variables used for fair value estimates to fair value the unquoted equity investments were altered by 5%.

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15 FAIR VALUES (continued)

The following table below shows a reconciliation of the opening and the closing balance of level 3 financial assets measured at fair value:

	<i>KD 000's</i>	
	<u>2022</u>	<u>2021</u>
As at 1 January	132,524	185,369
Fair value re-measurement	6,487	8,992
Disposal, net	(10,769)	(4,037)
As at 31 March	<u>128,242</u>	<u>190,324</u>

16 SUBSEQUENT EVENTS

The Bank, through its subsidiary Kuwait Turkish Participation Bank, has banking operations in Turkey, which has been assessed as a hyperinflationary economy based on the cumulative inflation rates over the previous three years. Accordingly, the Bank is in the process of determining the impact of the application IAS 29 "Financial Reporting in Hyperinflationary Economies" on its subsidiary's financial statements, and will reflect these adjustments in the subsequent consolidated financial statements of the Group.