

**United Gulf Bank B.S.C. (c)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 March 2024 (REVIEWED)**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF  
UNITED GULF BANK B.S.C. (c)***Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of United Gulf Bank B.S.C. (c) (the "Bank") and its subsidiaries (together, the "Group") as at 31 March 2024, comprising of the interim consolidated statement of financial position as at 31 March 2024 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 statements are not prepared, in all material respects, in accordance with IAS 34.



14 May 2024  
Manama, Kingdom of Bahrain

# United Gulf Bank B.S.C. (c)

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (Reviewed)

|                                                                      |             | <b>Reviewed</b> | <b>Audited</b>     | <b>Reviewed</b> |
|----------------------------------------------------------------------|-------------|-----------------|--------------------|-----------------|
|                                                                      |             | <b>31 March</b> | <b>31 December</b> | <b>31 March</b> |
|                                                                      |             | <b>2024</b>     | <b>2023</b>        | <b>2023</b>     |
|                                                                      | <i>Note</i> | <b>US\$ 000</b> | <b>US\$ 000</b>    | <b>US\$ 000</b> |
| <b>ASSETS</b>                                                        |             |                 |                    |                 |
| Demand and call deposits with banks                                  | 4           | 81,368          | 82,467             | 88,825          |
| Placements with banks                                                | 4           | 72,469          | 78,625             | 84,955          |
| Investments carried at fair value through profit or loss             |             | 123,593         | 128,274            | 85,691          |
| Investments carried at fair value through other comprehensive income |             | 127,458         | 130,218            | 107,201         |
| Investments carried at amortised cost                                |             | -               | -                  | 24,552          |
| Loans and receivables                                                |             | 19,513          | 19,679             | 22,172          |
| Other assets                                                         |             | 63,111          | 70,515             | 40,387          |
| Investment in associates                                             |             | 118,410         | 60,386             | 82,930          |
| Investment properties                                                |             | 127,271         | 127,388            | 99,853          |
| Property and equipment                                               |             | 15,792          | 15,679             | 15,813          |
| Goodwill and other intangible assets                                 |             | 61,944          | 62,151             | 63,181          |
| Assets held for sale                                                 | 9           | -               | -                  | 27,300          |
| <b>TOTAL ASSETS</b>                                                  |             | <b>810,929</b>  | <b>775,382</b>     | <b>742,860</b>  |
| <b>LIABILITIES AND EQUITY</b>                                        |             |                 |                    |                 |
| <b>Liabilities</b>                                                   |             |                 |                    |                 |
| Due to banks and other financial institutions                        |             | 111,345         | 121,510            | 133,700         |
| Deposits from customers                                              |             | 17,616          | 15,915             | 17,541          |
| Term loans                                                           |             | 242,410         | 203,622            | 61,305          |
| Long term bonds                                                      | 6           | -               | -                  | 130,442         |
| Other liabilities                                                    |             | 91,620          | 89,759             | 80,809          |
| <b>Total liabilities</b>                                             |             | <b>462,991</b>  | <b>430,806</b>     | <b>423,797</b>  |
| <b>Equity</b>                                                        |             |                 |                    |                 |
| Share capital                                                        | 7           | 116,132         | 116,132            | 116,132         |
| Share premium                                                        |             | 5,687           | 5,687              | 5,687           |
| Statutory reserve                                                    |             | 54,034          | 54,034             | 54,034          |
| General reserve                                                      |             | 3,765           | 3,765              | 33,765          |
| Fair value reserve                                                   |             | 17,156          | 14,641             | (5,207)         |
| Foreign currency translation reserve                                 |             | (6,236)         | (6,505)            | (5,427)         |
| Retained earnings / (accumulated deficit)                            |             | 3,318           | 4,007              | (8,985)         |
| Equity attributable to shareholders of the Parent                    |             | 193,856         | 191,761            | 189,999         |
| Perpetual Additional Tier 1 Capital                                  | 8           | 33,000          | 33,000             | 33,000          |
| Non-controlling interests                                            |             | 121,082         | 119,815            | 96,064          |
| <b>Total equity</b>                                                  |             | <b>347,938</b>  | <b>344,576</b>     | <b>319,063</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                  |             | <b>810,929</b>  | <b>775,382</b>     | <b>742,860</b>  |

Masa'ud Hayat  
Chairman

Faisal Al Ayyar  
Vice Chairman

Hussain Lalani  
Chief Executive Officer

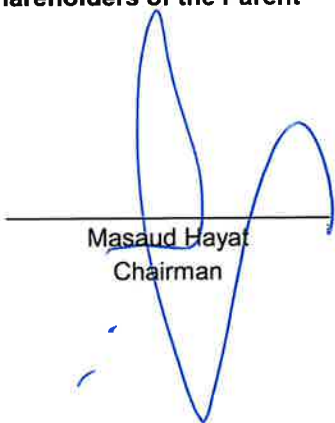
The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

# United Gulf Bank B.S.C. (c)

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2024 (Reviewed)

|                                                                         | Note | Three-month period<br>ended 31 March |                  |
|-------------------------------------------------------------------------|------|--------------------------------------|------------------|
|                                                                         |      | 2024<br>US\$ 000                     | 2023<br>US\$ 000 |
| Interest income                                                         |      | 2,010                                | 2,681            |
| Investment income (loss) - net                                          |      | 6,302                                | (1,049)          |
|                                                                         |      | <b>8,312</b>                         | 1,632            |
| Fees and commission income - net                                        |      | 11,814                               | 10,868           |
| Foreign exchange gains - net                                            |      | 435                                  | 238              |
| Share of results of associates                                          |      | 3,634                                | (3,410)          |
| <b>Total income</b>                                                     |      | <b>24,195</b>                        | 9,328            |
| Interest expense                                                        |      | (5,628)                              | (5,228)          |
| <b>Operating income before expenses<br/>and expected credit losses</b>  |      | <b>18,567</b>                        | 4,100            |
| Salaries and benefits                                                   |      | (9,944)                              | (8,186)          |
| General and administrative expenses                                     |      | (4,864)                              | (5,324)          |
| <b>Operating income (loss) before<br/>expected credit losses</b>        |      | <b>3,759</b>                         | (9,410)          |
| Expected credit losses                                                  | 5    | (1,036)                              | (153)            |
| <b>Profit (loss) before tax</b>                                         |      | <b>2,723</b>                         | (9,563)          |
| Tax expense                                                             |      | (286)                                | -                |
| <b>Net profit (loss) for the period</b>                                 |      | <b>2,437</b>                         | (9,563)          |
| <b>Net profit (loss) attributable to<br/>non-controlling interests</b>  |      | <b>1,940</b>                         | (1,992)          |
| <b>Net profit (loss) attributable to<br/>shareholders of the Parent</b> |      | <b>497</b>                           | (7,571)          |

  
Masaud Hayat  
Chairman

  
Faisal Al Ayyar  
Vice Chairman

  
Hussain Lafani  
Chief Executive Officer

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

United Gulf Bank B.S.C. (c)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024 (Reviewed)

|                                                                                                      | <i>Three-month period<br/>ended 31 March</i> |                 |
|------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------|
|                                                                                                      | <b>2024</b>                                  | <b>2023</b>     |
|                                                                                                      | <b>US\$ 000</b>                              | <b>US\$ 000</b> |
| <b>Net profit (loss) for the period</b>                                                              | <b>2,437</b>                                 | <b>(9,563)</b>  |
| <b>Other Comprehensive Income (OCI)</b>                                                              |                                              |                 |
| <b><i>Items that may be reclassified to<br/>profit or loss in subsequent periods</i></b>             |                                              |                 |
| Foreign currency translation changes                                                                 | 431                                          | (186)           |
| Share of other comprehensive loss of associates                                                      | -                                            | (804)           |
| Net change in cashflow hedges                                                                        | 304                                          | (181)           |
| <b><i>Items that will not be reclassified to<br/>profit or loss in subsequent periods</i></b>        |                                              |                 |
| Fair value changes of equity investments carried at<br>fair value through other comprehensive income | 814                                          | 3,166           |
| Share of other comprehensive loss<br>of associates                                                   | 510                                          | -               |
| <b>Other comprehensive income for the period</b>                                                     | <b>2,059</b>                                 | <b>1,995</b>    |
| <b>Total comprehensive income (loss) for the period</b>                                              | <b>4,496</b>                                 | <b>(7,568)</b>  |
| <b>Total comprehensive income (loss) attributable to:</b>                                            |                                              |                 |
| - Shareholders of the Parent                                                                         | 2,095                                        | (5,229)         |
| - Non-controlling interests                                                                          | 2,401                                        | (2,339)         |
|                                                                                                      | <b>4,496</b>                                 | <b>(7,568)</b>  |

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

# United Gulf Bank B.S.C. (c)

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2024 (Reviewed)

|                                                                         |      | Three-month period<br>ended 31 March |                 |
|-------------------------------------------------------------------------|------|--------------------------------------|-----------------|
|                                                                         |      | 2024                                 | 2023            |
|                                                                         | Note | US\$ 000                             | US\$ 000        |
| <b>OPERATING ACTIVITIES</b>                                             |      |                                      |                 |
| Net profit (loss) before tax                                            |      | 2,723                                | (9,563)         |
| Adjustments for non-cash items:                                         |      |                                      |                 |
| Interest expense                                                        |      | 5,628                                | 5,228           |
| Depreciation and amortisation                                           |      | 749                                  | 693             |
| Interest income                                                         |      | (2,010)                              | (2,681)         |
| (Gain) loss on investments carried at fair value through profit or loss |      | (4,262)                              | 2,174           |
| Share of results of associates                                          |      | (3,634)                              | 3,410           |
| Expected credit losses                                                  | 5    | 1,036                                | 153             |
| Operating income (loss) before working capital changes                  |      | 230                                  | (586)           |
| Changes in operating assets and liabilities:                            |      |                                      |                 |
| Placements with banks                                                   |      | (211)                                | 5,242           |
| Investments carried at fair value through profit or loss                |      | 8,943                                | 199             |
| Investments carried at fair value through OCI                           |      | 3,574                                | (64)            |
| Investments carried at amortised cost                                   |      | -                                    | 485             |
| Loans and receivables                                                   |      | 166                                  | (12)            |
| Other assets                                                            |      | 6,580                                | 5,494           |
| Due to banks and other financial institutions                           |      | (10,165)                             | (5,178)         |
| Deposits from customers                                                 |      | 1,701                                | (3,230)         |
| Other liabilities                                                       |      | 3,026                                | (254)           |
| Interest received                                                       |      | 2,834                                | 2,835           |
| Interest paid                                                           |      | (6,574)                              | (4,381)         |
| Directors' remuneration paid                                            |      | (19)                                 | (245)           |
| Donations paid                                                          |      | (200)                                | (200)           |
| Net cash flows from operating activities                                |      | 9,885                                | 105             |
| <b>INVESTING ACTIVITIES</b>                                             |      |                                      |                 |
| Investments in associates - net                                         |      | (53,880)                             | 154             |
| Property and equipment - net                                            |      | (862)                                | (660)           |
| Acquisition of non-current asset classified as held for sale            | 9    | -                                    | (24,994)        |
| Net cash flows used in investing activities                             |      | (54,742)                             | (25,500)        |
| <b>FINANCING ACTIVITIES</b>                                             |      |                                      |                 |
| Term loans obtained                                                     |      | 38,788                               | -               |
| Movement in non-controlling interests                                   |      | (1,134)                              | 5,054           |
| Net cash flows from financing activities                                |      | 37,654                               | 5,054           |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                          |      | <b>(7,203)</b>                       | <b>(20,341)</b> |
| Foreign currency translation adjustments                                |      | (263)                                | (71)            |
| Cash and cash equivalents at 1 January                                  |      | 143,374                              | 184,906         |
| <b>CASH AND CASH EQUIVALENTS AT 31 March</b>                            | 4    | <b>135,908</b>                       | <b>164,494</b>  |

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

# United Gulf Bank B.S.C. (c)

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2024 (Reviewed)

|                                                                                | Attributable to shareholders of the Parent |               |                   |                 |                    |                                      |                                           |          | Perpetual                 | Non-                  | Total    |
|--------------------------------------------------------------------------------|--------------------------------------------|---------------|-------------------|-----------------|--------------------|--------------------------------------|-------------------------------------------|----------|---------------------------|-----------------------|----------|
|                                                                                | Share capital                              | Share premium | Statutory reserve | General reserve | Fair value reserve | Foreign currency translation reserve | Retained earnings / (accumulated deficit) | Total    | Additional Tier 1 Capital | controlling interests | equity   |
|                                                                                | US\$ 000                                   | US\$ 000      | US\$ 000          | US\$ 000        | US\$ 000           | US\$ 000                             | US\$ 000                                  | US\$ 000 | US\$ 000                  | US\$ 000              | US\$ 000 |
| Balance at 1 January 2024                                                      | 116,132                                    | 5,687         | 54,034            | 3,765           | 14,641             | (6,505)                              | 4,007                                     | 191,761  | 33,000                    | 119,815               | 344,576  |
| Net profit for the period                                                      | -                                          | -             | -                 | -               | -                  | -                                    | 497                                       | 497      | -                         | 1,940                 | 2,437    |
| Other comprehensive income                                                     | -                                          | -             | -                 | -               | 1,329              | 269                                  | -                                         | 1,598    | -                         | 461                   | 2,059    |
| Total comprehensive income for the period                                      | -                                          | -             | -                 | -               | 1,329              | 269                                  | 497                                       | 2,095    | -                         | 2,401                 | 4,496    |
| Transfer upon disposal of equity investments carried at fair value through OCI | -                                          | -             | -                 | -               | 1,186              | -                                    | (1,186)                                   | -        | -                         | -                     | -        |
| Other movements in non-controlling interests                                   | -                                          | -             | -                 | -               | -                  | -                                    | -                                         | -        | -                         | (1,134)               | (1,134)  |
| Balance at 31 March 2024                                                       | 116,132                                    | 5,687         | 54,034            | 3,765           | 17,156             | (6,236)                              | 3,318                                     | 193,856  | 33,000                    | 121,082               | 347,938  |
| Balance at 1 January 2023                                                      | 116,132                                    | 5,687         | 54,034            | 33,765          | (7,586)            | (5,379)                              | (1,425)                                   | 195,228  | 33,000                    | 93,349                | 321,577  |
| Net loss for the period                                                        | -                                          | -             | -                 | -               | -                  | -                                    | (7,571)                                   | (7,571)  | -                         | (1,992)               | (9,563)  |
| Other comprehensive income (loss)                                              | -                                          | -             | -                 | -               | 2,390              | (48)                                 | -                                         | 2,342    | -                         | (347)                 | 1,995    |
| Total comprehensive income (loss) for the period                               | -                                          | -             | -                 | -               | 2,390              | (48)                                 | (7,571)                                   | (5,229)  | -                         | (2,339)               | (7,568)  |
| Transfer upon disposal of equity investments carried at fair value through OCI | -                                          | -             | -                 | -               | (11)               | -                                    | 11                                        | -        | -                         | -                     | -        |
| Other movements in non-controlling interests                                   | -                                          | -             | -                 | -               | -                  | -                                    | -                                         | -        | -                         | 5,054                 | 5,054    |
| Balance at 31 March 2023                                                       | 116,132                                    | 5,687         | 54,034            | 33,765          | (5,207)            | (5,427)                              | (8,985)                                   | 189,999  | 33,000                    | 96,064                | 319,063  |

The attached notes 1 to 16 form part of these interim condensed consolidated financial statements.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

### 1 CORPORATE INFORMATION

#### 1.1 Incorporation

United Gulf Bank B.S.C. (c) ("UGB" or the "Bank") is a closed joint stock company incorporated in the Kingdom of Bahrain in 1980, under Commercial Registration number 10550 issued by the Ministry of Industry and Commerce ("MOIC"). The Bank's registered office is situated at UGB Tower, Diplomatic Area, P.O. Box 5964, Manama, Kingdom of Bahrain.

The Bank operates in the Kingdom of Bahrain under a Wholesale Banking License of Volume 1 issued by the Central Bank of Bahrain (the "CBB").

#### 1.2 Activities

The principal activities of the Bank and its subsidiaries (together with the Bank, the "Group") comprise of investment and commercial banking. Investment banking activities include asset portfolio management, corporate finance, advisory, investment in quoted and private equity / funds, real estate, capital markets, international banking and treasury functions. Commercial banking activities include extending loans and other credit facilities, accepting deposits and current accounts from corporate and institutional customers.

The Bank's parent company is United Gulf Holding Company B.S.C. ("UGH" or the "Parent"), which owns 100% shares of the Bank and the ultimate holding company is Kuwait Projects Company Holding K.S.C.P. ("KIPCO" or the "Ultimate Parent"). UGH is incorporated in the Kingdom of Bahrain as a joint stock company and is listed on the Bahrain Bourse. KIPCO is incorporated in the State of Kuwait and is listed on the Kuwait Stock Exchange (Boursa Kuwait).

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 14 May 2024.

### 2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with IAS 34 - Interim Financial Reporting. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Board of Directors consider 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 date of approval of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements 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 31 December 2023. In addition, results for the three-month period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2024.

Certain corresponding figures have been reclassified in order to conform to the presentation of the current period. Such reclassifications did not affect previously reported results, total assets, total liabilities and total equity of the Group.

These interim condensed consolidated financial statements are reviewed, not audited.

#### 2.2 Material accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023, except for the adoption of new and amended standards and interpretations effective as of 1 January 2024 as stated in note 2.3. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

---

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)**

**2.3 New standards, interpretations and amendments adopted by the Group**

The adoption of below new and amended standards and interpretations had no impact on the interim condensed consolidated financial statements of the Group:

**2.3.1 Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

**2.3.2 Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

**2.3.3 Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

**3 BASIS OF CONSOLIDATION**

These interim condensed consolidated financial statements include the interim condensed financial statements of the Bank and its subsidiaries as at and for the three-month period ended 31 March 2024. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The basis of consolidation used in these interim condensed consolidated financial statements of the Group is consistent to the basis of consolidation used and disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2023.

# United Gulf Bank B.S.C. (c)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

### 3 BASIS OF CONSOLIDATION (continued)

The principal subsidiaries of the Bank are as follows:

| Name of the subsidiary                               | Country of incorporation   | Ownership     |                  |
|------------------------------------------------------|----------------------------|---------------|------------------|
|                                                      |                            | 31 March 2024 | 31 December 2023 |
| <b>Held directly</b>                                 |                            |               |                  |
| KAMCO Investment Company K.S.C.P. [KAMCO]            | Kuwait                     | 60%           | 60%              |
| United Gulf Realty International, Ltd [UGRIL]        | The British Virgin Islands | 50%           | 50%              |
| <b>Partly held directly and partly through KAMCO</b> |                            |               |                  |
| Manafae Investment Company                           | Kuwait                     | 54%           | 54%              |
| N.S. 88                                              | Bahrain                    | 77%           | 77%              |
| <b>Held through KAMCO</b>                            |                            |               |                  |
| 1925 Investor Inc.                                   | Jersey                     | 100%          | 100%             |
| Al Jazi Money Market Fund                            | Kuwait                     | 51%           | 51%              |
| Al Tadamun United Holding Company K.S.C.             | Kuwait                     | 96%           | 96%              |
| American Boulevard Investor, Inc                     | U.S.A.                     | 100%          | 100%             |
| Bukeye Power Advisory Company L.L.C.                 | U.S.A.                     | 48%           | 48%              |
| Bukeye Power Manager Limited                         | Jersey                     | 100%          | 100%             |
| Centerstone Investor Inc.                            | U.S.A.                     | 100%          | 100%             |
| First Securities Brokerage Company K.S.C.            | Kuwait                     | 93%           | 93%              |
| KAMCO Investment Company DIFC Limited                | U.A.E.                     | 100%          | 100%             |
| KAMCO Investment Company Saudi                       | Saudi Arabia               | 100%          | 100%             |
| KAMCO GCC Opportunistic Fund                         | Kuwait                     | 66%           | 61%              |
| KAMCO MENA Plus Fixed Income Fund OEIC Ltd           | U.A.E.                     | 54%           | 54%              |
| Kubbar United Real Estate Company                    | Kuwait                     | 100%          | 100%             |
| Kuwait Private Equity Opportunity Fund               | Kuwait                     | 73%           | 73%              |
| Lawson Lane Investor Incorporation                   | U.S.A.                     | 100%          | 100%             |
| Nawasi United Holding Company K.S.C. (Closed)        | Kuwait                     | 96%           | 96%              |
| Plans United Real Estate Co.                         | Kuwait                     | 100%          | 100%             |
| Project Plaza Investor Inc                           | U.S.A.                     | 100%          | 100%             |
| HP Plaza Investor Inc.                               | Jersey                     | 100%          | 100%             |
| KAMCO Capital Management Ltd.                        | Oman                       | 100%          | 100%             |
| KAMCO Capital Partners Ltd.                          | Cayman Islands             | 100%          | 100%             |
| KAMCO Investment Company DIFC Limited                | U.A.E.                     | 100%          | 100%             |
| Martley Finance GP Limited                           | Jersey                     | 100%          | 100%             |
| Martley Holdings GP Limited                          | Jersev                     | 100%          | 100%             |

### 4 CASH AND CASH EQUIVALENTS

|                                                        | Reviewed<br>31 March<br>2024<br>US\$ 000 | Audited<br>31 December<br>2023<br>US\$ 000 | Reviewed<br>31 March<br>2023<br>US\$ 000 |
|--------------------------------------------------------|------------------------------------------|--------------------------------------------|------------------------------------------|
| Demand and call deposits with banks                    | 81,368                                   | 82,467                                     | 88,825                                   |
| Placements with banks                                  | 72,469                                   | 78,625                                     | 84,955                                   |
|                                                        | <b>153,837</b>                           | 161,092                                    | 173,780                                  |
| <i>Adjusted for:</i>                                   |                                          |                                            |                                          |
| Mandatory reserves                                     | (318)                                    | (318)                                      | (318)                                    |
| Deposits with original maturities of more than 90 days | (17,611)                                 | (17,400)                                   | (8,968)                                  |
| <b>Cash and cash equivalents</b>                       | <b>135,908</b>                           | 143,374                                    | 164,494                                  |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 5 MOVEMENT IN EXPECTED CREDIT LOSS (ECL)

An analysis of movement in ECL allowances during the three-month period ended 31 March 2024 is as follows:

|                                       | <i>Stage 1</i><br><i>US\$ 000</i> | <i>Stage 2</i><br><i>US\$ 000</i> | <i>Stage 3</i><br><i>US\$ 000</i> | <i>Total</i><br><i>US\$ 000</i> |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <b>As at 1 January 2024</b>           | <b>16,226</b>                     | <b>-</b>                          | <b>7,840</b>                      | <b>24,066</b>                   |
| Net remeasurement of loss allowances  | 1,031                             | -                                 | 5                                 | 1,036                           |
| Foreign exchange adjustments          | (20)                              | -                                 | (11)                              | (31)                            |
| <b>As at 31 March 2024 (Reviewed)</b> | <b>17,237</b>                     | <b>-</b>                          | <b>7,834</b>                      | <b>25,071</b>                   |

An analysis of movement in ECL allowances during the three-month period ended 31 March 2023 is as follows:

|                                       | <i>Stage 1</i><br><i>US\$ 000</i> | <i>Stage 2</i><br><i>US\$ 000</i> | <i>Stage 3</i><br><i>US\$ 000</i> | <i>Total</i><br><i>US\$ 000</i> |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <b>As at 1 January 2023</b>           | <b>17,296</b>                     | <b>-</b>                          | <b>7,915</b>                      | <b>25,211</b>                   |
| Net transfer between stages           | (2,089)                           | 2,037                             | 52                                | -                               |
| Net remeasurement of loss allowances  | 152                               | -                                 | 1                                 | 153                             |
| Written-off during the period         | -                                 | -                                 | (52)                              | (52)                            |
| Foreign exchange adjustments          | (27)                              | -                                 | (10)                              | (37)                            |
| <b>As at 31 March 2023 (Reviewed)</b> | <b>15,332</b>                     | <b>2,037</b>                      | <b>7,906</b>                      | <b>25,275</b>                   |

## 6 LONG TERM BONDS

|                                                                                                                | <i>Reviewed</i><br><i>31 March</i><br><i>2024</i><br><i>US\$ 000</i> | <i>Audited</i><br><i>31 December</i><br><i>2023</i><br><i>US\$ 000</i> | <i>Reviewed</i><br><i>31 March</i><br><i>2023</i><br><i>US\$ 000</i> |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------|
| Fixed interest of 6.00% per annum and maturing on 26 July 2023                                                 | -                                                                    | -                                                                      | 48,590                                                               |
| Floating interest at CBK discount rate + 2.75% per annum (capped at 7% per annum) and maturing on 26 July 2023 | -                                                                    | -                                                                      | 81,852                                                               |
|                                                                                                                | -                                                                    | -                                                                      | 130,442                                                              |

## 7 SHARE CAPITAL

|                                   | <i>Reviewed</i><br><i>31 March</i><br><i>2024</i><br><i>US\$ 000</i> | <i>Audited</i><br><i>31 December</i><br><i>2023</i><br><i>US\$ 000</i> | <i>Reviewed</i><br><i>31 March</i><br><i>2023</i><br><i>US\$ 000</i> |
|-----------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------|
| Authorised share capital          |                                                                      |                                                                        |                                                                      |
| Number of shares (in thousands)   | 500,000                                                              | 500,000                                                                | 500,000                                                              |
| Par value (US\$)                  | 0.50                                                                 | 0.50                                                                   | 0.50                                                                 |
| Authorised share capital (US'000) | 250,000                                                              | 250,000                                                                | 250,000                                                              |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 7 SHARE CAPITAL (continued)

|                                                 | <b>Reviewed</b><br><b>31 March</b><br><b>2024</b><br><b>US\$ 000</b> | <b>Audited</b><br><b>31 December</b><br><b>2023</b><br><b>US\$ 000</b> | <b>Reviewed</b><br><b>31 March</b><br><b>2023</b><br><b>US\$ 000</b> |
|-------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------|
| Issued and fully paid up share capital          |                                                                      |                                                                        |                                                                      |
| Number of shares (in thousands)                 | <b>232,263</b>                                                       | 232,263                                                                | 232,263                                                              |
| Par value (US\$)                                | <b>0.50</b>                                                          | 0.50                                                                   | 0.50                                                                 |
| Issued and fully paid up share capital (US'000) | <b>116,132</b>                                                       | 116,132                                                                | 116,132                                                              |

## 8 PERPETUAL ADDITIONAL TIER 1 CAPITAL

On 28 March 2016, the Bank issued Perpetual Additional Tier 1 Capital (the "AT1 Capital") amounting to US\$ 33,000 thousand. The AT1 Capital constitutes subordinated obligations of the Bank and is classified as equity in accordance with IAS 32: Financial Instruments – Classification. The AT1 Capital does not have a maturity date and bears interest on its nominal amount from the date of issue at a fixed annual rate.

The AT1 Capital is redeemable by the Bank at its sole discretion on any interest payment date subject to the prior consent of the Central Bank of Bahrain. The Bank at its sole discretion may elect not to distribute interest and this is not considered an event of default. If the Bank does not pay interest on the AT1 Capital (for whatever reason), then the Bank must not make any other distribution on or with respect to its other shares that rank equally with or junior to the AT1 Capital.

## 9 ASSETS HELD FOR SALE

In the prior year, the following were the major transactions:

The Group made an investment in certain special purpose vehicles (the "Entities") with a carrying value amounting to US\$ 24,994 thousand classified in accordance with IFRS 5 - Non-current Assets held for sale as the Group actively plans to dispose its stake in these entities.

Upon initial recognition, the Group considered that the above Entities met the criteria to be classified as held for sale for the following reasons:

- These Entities are available for immediate sale and can be disposed of in their current condition.
- The actions to complete disposal are initiated and are to be completed within one year from the date of acquisition.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 10 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the Ultimate Parent, Parent, associates, directors and key management personnel and entities which are controlled, jointly controlled or significantly influenced by any of the above mentioned parties.

The income and expenses in respect of related party transactions included in the interim consolidated statement of income were as follows:

|                                     | <i>(Reviewed)</i>                             |                   |                              |                 |
|-------------------------------------|-----------------------------------------------|-------------------|------------------------------|-----------------|
|                                     | <i>Three-month period ended 31 March 2024</i> |                   |                              |                 |
|                                     | <i>Major shareholder</i>                      | <i>Associates</i> | <i>Other related parties</i> | <i>Total</i>    |
|                                     | <i>US\$ 000</i>                               | <i>US\$ 000</i>   | <i>US\$ 000</i>              | <i>US\$ 000</i> |
| Fees and commissions - net*         | 500                                           | 317               | 1,581                        | 2,398           |
| Rental income                       | -                                             | -                 | 275                          | 275             |
| Interest income                     | -                                             | -                 | 88                           | 88              |
| Interest expense                    | (81)                                          | -                 | (1,244)                      | (1,325)         |
| General and administrative expenses | (3)                                           | -                 | (498)                        | (501)           |

|                                     | <i>(Reviewed)</i>                             |                   |                              |                 |
|-------------------------------------|-----------------------------------------------|-------------------|------------------------------|-----------------|
|                                     | <i>Three-month period ended 31 March 2023</i> |                   |                              |                 |
|                                     | <i>Major shareholder</i>                      | <i>Associates</i> | <i>Other related parties</i> | <i>Total</i>    |
|                                     | <i>US\$ 000</i>                               | <i>US\$ 000</i>   | <i>US\$ 000</i>              | <i>US\$ 000</i> |
| Fees and commissions - net*         | 489                                           | 409               | 2,597                        | 3,495           |
| Rental income                       | -                                             | -                 | 270                          | 270             |
| Interest income                     | -                                             | -                 | 470                          | 470             |
| Interest expense                    | (37)                                          | -                 | (1,447)                      | (1,484)         |
| General and administrative expenses | -                                             | -                 | (703)                        | (703)           |

All related party transactions are on terms that are mutually agreed between the counterparties.

\* The Bank and its Parent have entered into an arrangement for services sharing between the two entities. In line with the arrangement, the Bank provides certain services to the Parent against mutually agreed service fee.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The balances with related parties included in the interim consolidated statement of financial position are as follows:

|                                                                       | <b>(Reviewed)</b><br><b>31 March 2024</b>   |                                |                                                   |                           |
|-----------------------------------------------------------------------|---------------------------------------------|--------------------------------|---------------------------------------------------|---------------------------|
|                                                                       | <b>Major<br/>shareholder<br/>US\$ 000</b>   | <b>Associates<br/>US\$ 000</b> | <b>Other<br/>related<br/>parties<br/>US\$ 000</b> | <b>Total<br/>US\$ 000</b> |
| Demand and call deposits with banks                                   | -                                           | -                              | 12,646                                            | 12,646                    |
| Placements with banks                                                 | -                                           | -                              | 18,233                                            | 18,233                    |
| Investments carried at fair value through profit or loss              | -                                           | -                              | 4,661                                             | 4,661                     |
| Investments carried at fair value through other comprehensive income* | -                                           | -                              | 64,705                                            | 64,705                    |
| Loans and receivables                                                 | -                                           | -                              | 4,248                                             | 4,248                     |
| Other assets                                                          | 37                                          | 569                            | 1,864                                             | 2,470                     |
| Due to banks and other financial institutions                         | -                                           | -                              | (82,099)                                          | (82,099)                  |
| Deposits from customers                                               | (1,056)                                     | -                              | (5,607)                                           | (6,663)                   |
| Other liabilities                                                     | (24,402)                                    | -                              | (967)                                             | (25,369)                  |
| Perpetual Additional Tier 1 Capital                                   | -                                           | -                              | (5,000)                                           | (5,000)                   |
| <i>Off statement of financial position items:</i>                     |                                             |                                |                                                   |                           |
| Letters of guarantee                                                  | -                                           | -                              | 157                                               | 157                       |
|                                                                       | <b>(Audited)</b><br><b>31 December 2023</b> |                                |                                                   |                           |
|                                                                       | <b>Major<br/>shareholder<br/>US\$ 000</b>   | <b>Associates<br/>US\$ 000</b> | <b>Other<br/>related<br/>parties<br/>US\$ 000</b> | <b>Total<br/>US\$ 000</b> |
| Demand and call deposits with banks                                   | -                                           | -                              | 10,783                                            | 10,783                    |
| Placements with banks                                                 | -                                           | -                              | 33,179                                            | 33,179                    |
| Investments carried at fair value through profit or loss              | -                                           | -                              | 21,345                                            | 21,345                    |
| Investments carried at fair value through other comprehensive income* | -                                           | -                              | 66,256                                            | 66,256                    |
| Loans and receivables                                                 | -                                           | -                              | 3,997                                             | 3,997                     |
| Other assets                                                          | 662                                         | 443                            | 4,481                                             | 5,586                     |
| Due to banks and other financial institutions                         | -                                           | -                              | (87,603)                                          | (87,603)                  |
| Deposits from customers                                               | (1,526)                                     | -                              | (3,414)                                           | (4,940)                   |
| Other liabilities                                                     | (24,536)                                    | -                              | (539)                                             | (25,075)                  |
| Perpetual Additional Tier 1 Capital                                   | -                                           | -                              | (10,000)                                          | (10,000)                  |
| <i>Off statement of financial position items:</i>                     |                                             |                                |                                                   |                           |
| Letters of guarantee                                                  | -                                           | -                              | 157                                               | 157                       |

All related party exposures are performing as of 31 March 2024 and 31 December 2023.

\*The Parent has committed to acquire an FVOCI investment of the Group at its carrying value of US\$ 22.5 million (2023: US\$ 22.5 million).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

Compensation of key management personnel was as follows:

|                              | <i>Three-month period<br/>ended 31 March</i> |                 |
|------------------------------|----------------------------------------------|-----------------|
|                              | <b>2024</b>                                  | 2023            |
|                              | <b><i>Reviewed</i></b>                       | <i>Reviewed</i> |
|                              | <b><i>US\$ 000</i></b>                       | <i>US\$ 000</i> |
| Short-term employee benefits | <b>629</b>                                   | 583             |
| Long-term employee benefits  | <b>107</b>                                   | 76              |
|                              | <b>736</b>                                   | 659             |

**11 COMMITMENTS**

The Group has the following credit and investment-related commitments:

|                                 | <b><i>Reviewed<br/>31 March<br/>2024<br/>US\$ 000</i></b> | <i>Audited<br/>31 December<br/>2023<br/>US\$ 000</i> | <i>Reviewed<br/>31 March<br/>2023<br/>US\$ 000</i> |
|---------------------------------|-----------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|
| Credit-related commitments:     |                                                           |                                                      |                                                    |
| Letters of guarantee            | <b>2,317</b>                                              | 2,307                                                | 2,268                                              |
| Investment related commitments* | <b>2,758</b>                                              | 3,718                                                | 825                                                |
|                                 | <b>5,075</b>                                              | 6,025                                                | 3,093                                              |

\*Investment related commitments are Group's commitment to invest in private equity funds representing the uncalled capital by the investment managers (general partners) of various private equity funds in which the Group has made investments. The capital can be called at the investment manager's discretion.

**12 DERIVATIVES**

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments.

|                                                                                     | <b><i>Positive fair<br/>value<br/>US\$ 000</i></b> | <b><i>Negative<br/>fair value<br/>US\$ 000</i></b> | <b><i>Notional<br/>amount<br/>US\$ 000</i></b> |
|-------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|------------------------------------------------|
| <b>31 March 2024 (Reviewed)</b>                                                     |                                                    |                                                    |                                                |
| <b><i>Derivatives held for trading*</i></b>                                         |                                                    |                                                    |                                                |
| Interest rate swaps                                                                 | <b>21,021</b>                                      | (21,076)                                           | 715,000                                        |
| Forward foreign exchange contracts                                                  | <b>1,991</b>                                       | (1,963)                                            | 755,168                                        |
| <b><i>Derivatives used as hedge of net<br/>investment in foreign operations</i></b> |                                                    |                                                    |                                                |
| Forward foreign exchange contracts                                                  | <b>81</b>                                          | (87)                                               | 177,276                                        |
| <b><i>Derivatives used as cash flow hedges</i></b>                                  |                                                    |                                                    |                                                |
| Interest rate swaps                                                                 | <b>754</b>                                         | -                                                  | 22,500                                         |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 12 DERIVATIVES (continued)

|                                                                              | Positive fair<br>value<br>US\$ 000 | Negative fair<br>value<br>US\$ 000 | Notional<br>amount<br>US\$ 000 |
|------------------------------------------------------------------------------|------------------------------------|------------------------------------|--------------------------------|
| <i>31 December 2023 (Audited)</i>                                            |                                    |                                    |                                |
| <i>Derivatives held for trading*</i>                                         |                                    |                                    |                                |
| Interest rate swaps                                                          | 20,917                             | (20,917)                           | 715,000                        |
| Forward foreign exchange contracts                                           | 1,968                              | (2,177)                            | 809,318                        |
| <i>Derivatives used as hedge of net<br/>investment in foreign operations</i> |                                    |                                    |                                |
| Forward foreign exchange contracts                                           | 219                                | (132)                              | 113,144                        |
| <i>Derivatives used as cash flow hedges</i>                                  |                                    |                                    |                                |
| Interest rate swaps                                                          | 450                                | -                                  | 22,500                         |

\* The Group uses interest rate swaps and foreign exchange contracts to manage some of its risk exposures. These contracts are not designated as cash flow, fair value or net investment in foreign operations' hedges and are entered into for periods consistent with currency transaction and interest rate exposures.

Forward foreign exchange contracts are contractual agreements to either buy or sell a specified currency, at a specific price and date in the future, and are customised contracts transacted in the over-the-counter market.

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency.

## 13 FINANCIAL INSTRUMENTS

The tables below summarises the accounting classification of the Group's financial assets and financial liabilities:

|                                               | At<br>FVTPL<br>US\$ 000 | At<br>FVOCI<br>US\$ 000 | Amortised<br>cost<br>US\$ 000 | Total<br>US\$ 000 |
|-----------------------------------------------|-------------------------|-------------------------|-------------------------------|-------------------|
| <i>31 March 2024 (Reviewed)</i>               |                         |                         |                               |                   |
| Demand and call deposits with banks           | -                       | -                       | 81,368                        | 81,368            |
| Placements with banks                         | -                       | -                       | 72,469                        | 72,469            |
| Investments carried at FVTPL                  | 123,593                 | -                       | -                             | 123,593           |
| Investments carried at FVOCI                  | -                       | 127,458                 | -                             | 127,458           |
| Loans and receivables                         | -                       | -                       | 19,513                        | 19,513            |
| Other assets                                  | 23,012                  | 835                     | 37,431                        | 61,278            |
| <b>Total financial assets</b>                 | <b>146,605</b>          | <b>128,293</b>          | <b>210,781</b>                | <b>485,679</b>    |
| Due to banks and other financial institutions | -                       | -                       | 111,345                       | 111,345           |
| Deposits from customers                       | -                       | -                       | 17,616                        | 17,616            |
| Term loans                                    | -                       | -                       | 242,410                       | 242,410           |
| Other liabilities                             | 23,039                  | 87                      | 68,375                        | 91,501            |
| <b>Total financial liabilities</b>            | <b>23,039</b>           | <b>87</b>               | <b>439,746</b>                | <b>462,872</b>    |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 13 FINANCIAL INSTRUMENTS (continued)

|                                               | <i>At<br/>FVTPL<br/>US\$ 000</i> | <i>At<br/>FVOCI<br/>US\$ 000</i> | <i>Amortised<br/>cost<br/>US\$ 000</i> | <i>Total<br/>US\$ 000</i> |
|-----------------------------------------------|----------------------------------|----------------------------------|----------------------------------------|---------------------------|
| <i>31 December 2023 (Audited)</i>             |                                  |                                  |                                        |                           |
| Demand and call deposits with banks           | -                                | -                                | 82,467                                 | 82,467                    |
| Placements with banks                         | -                                | -                                | 78,625                                 | 78,625                    |
| Investments carried at FVTPL                  | 128,274                          | -                                | -                                      | 128,274                   |
| Investments carried at FVOCI                  | -                                | 130,218                          | -                                      | 130,218                   |
| Loans and receivables                         | -                                | -                                | 19,679                                 | 19,679                    |
| Other assets                                  | 22,885                           | 669                              | 45,329                                 | 68,883                    |
| <b>Total financial assets</b>                 | <b>151,159</b>                   | <b>130,887</b>                   | <b>226,100</b>                         | <b>508,146</b>            |
| Due to banks and other financial institutions | -                                | -                                | 121,510                                | 121,510                   |
| Deposits from customers                       | -                                | -                                | 15,915                                 | 15,915                    |
| Term loans                                    | -                                | -                                | 203,622                                | 203,622                   |
| Other liabilities                             | 23,094                           | 132                              | 66,459                                 | 89,685                    |
| <b>Total financial liabilities</b>            | <b>23,094</b>                    | <b>132</b>                       | <b>407,506</b>                         | <b>430,732</b>            |

The fair values of financial instruments carried at amortised cost are not significantly different from their carrying values included in the interim condensed consolidated financial statements.

## 14 FAIR VALUE MEASUREMENT

### Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of quoted securities are derived from quoted market prices in active markets, if available. For unquoted securities, fair value is estimated using appropriate valuation techniques. Such techniques may include using recent market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

The fair values of the funds that are listed on active markets are determined by reference to their quoted bid prices. The fair values of unlisted funds are based on net asset values which are determined by the fund manager using the quoted market prices of the underlying assets, if available, or other acceptable methods such as a recent price paid by another investor or the market value of a comparable company.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

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

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

**Level 3:** techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 14 FAIR VALUE MEASUREMENT (continued)

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 March 2024 (Reviewed):

|                                           | <i>Level 1</i><br><i>US\$ 000</i> | <i>Level 2</i><br><i>US\$ 000</i> | <i>Level 3</i><br><i>US\$ 000</i> | <i>Total</i><br><i>US\$ 000</i> |
|-------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <b>Assets measured at fair value</b>      |                                   |                                   |                                   |                                 |
| Investments carried at FVTPL              |                                   |                                   |                                   |                                 |
| Equities                                  | 27,380                            | -                                 | 18,775                            | 46,155                          |
| Debt securities                           | 12,955                            | -                                 | 326                               | 13,281                          |
| Managed funds                             | 1,124                             | 41,427                            | 21,606                            | 64,157                          |
| Investments carried at FVOCI              |                                   |                                   |                                   |                                 |
| Equities                                  | 995                               | -                                 | 125,996                           | 126,991                         |
| Managed funds                             | -                                 | -                                 | 467                               | 467                             |
| Investment properties                     | -                                 | -                                 | 127,271                           | 127,271                         |
| Derivatives                               |                                   |                                   |                                   |                                 |
| Forward foreign exchange contracts        | -                                 | 2,072                             | -                                 | 2,072                           |
| Interest rate swaps                       | -                                 | 21,775                            | -                                 | 21,775                          |
|                                           | <b>42,454</b>                     | <b>65,274</b>                     | <b>294,441</b>                    | <b>402,169</b>                  |
| <b>Liabilities measured at fair value</b> |                                   |                                   |                                   |                                 |
| Derivatives                               |                                   |                                   |                                   |                                 |
| Interest rate swaps                       | -                                 | 21,076                            | -                                 | 21,076                          |
| Forward foreign exchange contracts        | -                                 | 2,050                             | -                                 | 2,050                           |
|                                           | <b>-</b>                          | <b>23,126</b>                     | <b>-</b>                          | <b>23,126</b>                   |

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2023 (Audited):

|                                           | <i>Level 1</i><br><i>US\$ 000</i> | <i>Level 2</i><br><i>US\$ 000</i> | <i>Level 3</i><br><i>US\$ 000</i> | <i>Total</i><br><i>US\$ 000</i> |
|-------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| <b>Assets measured at fair value</b>      |                                   |                                   |                                   |                                 |
| Investments carried at FVTPL              |                                   |                                   |                                   |                                 |
| Equities                                  | 25,601                            | -                                 | 26,449                            | 52,050                          |
| Debt securities                           | 11,063                            | -                                 | 326                               | 11,389                          |
| Managed funds                             | 3,991                             | 41,414                            | 19,430                            | 64,835                          |
| Investments carried at FVOCI              |                                   |                                   |                                   |                                 |
| Equities                                  | 1,809                             | -                                 | 128,316                           | 130,125                         |
| Managed funds                             | -                                 | -                                 | 93                                | 93                              |
| Investment properties                     | -                                 | -                                 | 127,388                           | 127,388                         |
| Derivatives                               |                                   |                                   |                                   |                                 |
| Interest rate swaps                       | -                                 | 21,367                            | -                                 | 21,367                          |
| Forward foreign exchange contracts        | -                                 | 2,187                             | -                                 | 2,187                           |
|                                           | <b>42,464</b>                     | <b>64,968</b>                     | <b>302,002</b>                    | <b>409,434</b>                  |
| <b>Liabilities measured at fair value</b> |                                   |                                   |                                   |                                 |
| Derivatives                               |                                   |                                   |                                   |                                 |
| Interest rate swaps                       | -                                 | 20,917                            | -                                 | 20,917                          |
| Forward foreign exchange contracts        | -                                 | 2,309                             | -                                 | 2,309                           |
|                                           | <b>-</b>                          | <b>23,226</b>                     | <b>-</b>                          | <b>23,226</b>                   |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**14 FAIR VALUE MEASUREMENT (continued)****Transfers between Level 1, Level 2 and Level 3**

The following table shows a reconciliation of the opening and closing amount of Level 3 financial instruments and other assets, which are recorded at fair value:

|                                     | As at<br>1 January<br>2024<br>US\$'000 | Net<br>purchases,<br>sales,<br>transfer and<br>settlement<br>US\$'000 | Gain / (loss)<br>recorded in the<br>consolidated<br>statement<br>of income<br>US\$'000    | Loss<br>recognised<br>in OCI<br>US\$'000 | As at<br>31 March<br>2024<br>(Reviewed)<br>US\$'000 |
|-------------------------------------|----------------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------|
| <i>Investments carried at FVTPL</i> |                                        |                                                                       |                                                                                           |                                          |                                                     |
| Equities                            | 26,449                                 | (7,881)                                                               | 207                                                                                       | -                                        | 18,775                                              |
| Debt securities                     | 326                                    | -                                                                     | -                                                                                         | -                                        | 326                                                 |
| Managed funds                       | 19,430                                 | 2,234                                                                 | (58)                                                                                      | -                                        | 21,606                                              |
|                                     | <b>46,205</b>                          | <b>(5,647)</b>                                                        | <b>149</b>                                                                                | <b>-</b>                                 | <b>40,707</b>                                       |
| <i>Investments carried at FVOCI</i> |                                        |                                                                       |                                                                                           |                                          |                                                     |
| Equities                            | 128,316                                | (2,011)                                                               | -                                                                                         | (309)                                    | 125,996                                             |
| Managed funds                       | 93                                     | 376                                                                   | -                                                                                         | (2)                                      | 467                                                 |
|                                     | <b>128,409</b>                         | <b>(1,635)</b>                                                        | <b>-</b>                                                                                  | <b>(311)</b>                             | <b>126,463</b>                                      |
| Investment properties               | <b>127,388</b>                         | <b>-</b>                                                              | <b>(117)</b>                                                                              | <b>-</b>                                 | <b>127,271</b>                                      |
|                                     |                                        |                                                                       |                                                                                           |                                          |                                                     |
|                                     | As at<br>1 January<br>2023<br>US\$'000 | Net<br>purchases,<br>sales,<br>transfer and<br>settlement<br>US\$'000 | Gain / (loss)<br>recorded<br>in the<br>consolidated<br>statement<br>of income<br>US\$'000 | Gain<br>recognised<br>in OCI<br>US\$'000 | As at<br>31 March<br>2023<br>(Reviewed)<br>US\$'000 |
| <i>Investments carried at FVTPL</i> |                                        |                                                                       |                                                                                           |                                          |                                                     |
| Equities                            | 2,129                                  | 1,498                                                                 | 20                                                                                        | -                                        | 3,647                                               |
| Debt securities                     | 326                                    | -                                                                     | -                                                                                         | -                                        | 326                                                 |
| Managed funds                       | 17,442                                 | 128                                                                   | (407)                                                                                     | -                                        | 17,163                                              |
|                                     | <b>19,897</b>                          | <b>1,626</b>                                                          | <b>(387)</b>                                                                              | <b>-</b>                                 | <b>21,136</b>                                       |
| <i>Investments carried at FVOCI</i> |                                        |                                                                       |                                                                                           |                                          |                                                     |
| Equities                            | 99,144                                 | 2,652                                                                 | -                                                                                         | 3,016                                    | 104,812                                             |
| Managed funds                       | 40                                     | 72                                                                    | -                                                                                         | -                                        | 112                                                 |
|                                     | <b>99,184</b>                          | <b>2,724</b>                                                          | <b>-</b>                                                                                  | <b>3,016</b>                             | <b>104,924</b>                                      |
| Investment properties               | <b>99,962</b>                          | <b>-</b>                                                              | <b>(109)</b>                                                                              | <b>-</b>                                 | <b>99,853</b>                                       |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS

As at 31 March 2024 (Reviewed)

**15 BUSINESS COMBINATION**

**Acquisition of Manafae Holding Company ("Manafae") and N.S. 88 W.L.L. ("NS88")**

During December 2023, the Group acquired 19.7% of the share capital of Manafae (previously an associate), a closed shareholding company incorporated in the State of Kuwait, from Al Futtooh Holding Company K.S.C. (c) (a related party). KAMCO also holds a 34.1% stake in Manafae and the Group has established control over Manafae based on this additional acquisition through a combined ownership of over 50% and a majority representation on the Board of Directors of Manafae.

Manafae owns 47% in NS88, a limited liability company registered in the Kingdom of Bahrain. KAMCO also holds a 30% stake in NS88 and the Group has established control over NS88 through both a combined shareholding of over 50% and ability to control NS88 as set out in IFRS 10. This control was also triggered on the basis of the acquisition of additional stake in Manafae as set out above.

This transaction has been accounted for using the acquisition method under IFRS 3 Business combinations ("IFRS 3"). The Group has accounted for these acquisitions using provisional fair values of the acquired assets and assumed liabilities as at the acquisition date which have been disclosed in the consolidated financial statements of the Group for the year ended 31 December 2023. Adjustment to the provisional values will be finalised within twelve months of the date of acquisition as allowed by IFRS 3. There have been no changes to the provisional fair values disclosed at 31 December 2023 during the three-month period ended 31 March 2024.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

**16 REGULATORY RATIOS****Net Stable Funding Ratio ("NSFR")**

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. The Group's consolidated NSFR as of 31 March 2024 is 188.5% (31 December 2023: 149.8%).

73% (2023: 70%) of the total available stable funding is made up of the Group's capital base with 4% (2023: 3%) being less stable deposits and 2% (2023: 1%) comprising of secured and unsecured funding.

The Group's required stable funding comprises of 81% (2023: 86%) assets that have no specified maturity, 8% (2023: 11%) that have contractual maturities of less than 6 months, and 1% (2023: 2%) non-HQLA (the "High Quality Liquid Assets") assets (before application of risk weights).

|                                                                                                                                   | 31 March 2024 (Reviewed) |                    |                                           |               |                      |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------|-------------------------------------------|---------------|----------------------|
|                                                                                                                                   | Unweighted values        |                    |                                           |               |                      |
|                                                                                                                                   | No specified maturity    | Less than 6 months | More than 6 months and less than one year | Over one year | Total weighted value |
|                                                                                                                                   | US\$ 000                 | US\$ 000           | US\$ 000                                  | US\$ 000      | US\$ 000             |
| Available Stable Funding (ASF)                                                                                                    |                          |                    |                                           |               |                      |
| Capital                                                                                                                           | 227,206                  | -                  | -                                         | 45,837        | 273,043              |
| Stable deposits                                                                                                                   | -                        | 643                | -                                         | -             | 611                  |
| Less stable deposits                                                                                                              | -                        | -                  | -                                         | 15,793        | 15,793               |
| Secured and unsecured funding                                                                                                     | -                        | 13,437             | -                                         | -             | 6,719                |
| Other deposits and funding from financial institutions                                                                            | -                        | 31,037             | -                                         | 80,309        | 80,309               |
| Total ASF                                                                                                                         | 227,206                  | 45,117             | -                                         | 141,939       | 376,475              |
| Required Stable Funding (RSF)                                                                                                     |                          |                    |                                           |               |                      |
| Unencumbered Level 2B HQLA                                                                                                        | 22,490                   | -                  | -                                         | -             | 11,245               |
| Unencumbered Non-HQLA securities that are not in default and exchange-traded equities in cases where the issuer is not in default | -                        | -                  | 4,050                                     | -             | 2,025                |
| Loans                                                                                                                             | -                        | 32,769             | -                                         | -             | 4,915                |
| Deposits held at other financial institutions for operational purposes                                                            | -                        | 24,000             | -                                         | 18,233        | 30,233               |
| All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities        | 151,256                  | -                  | -                                         | -             | 151,256              |
| Off-Balance Sheet exposures                                                                                                       |                          |                    |                                           |               |                      |
| Trade finance-related obligations (including guarantees and letters of credit)                                                    | 150                      | -                  | -                                         | -             | 8                    |
| Total RSF                                                                                                                         | 173,896                  | 56,769             | 4,050                                     | 18,233        | 199,682              |
| NSFR (%)                                                                                                                          | 188.5%                   |                    |                                           |               |                      |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2024 (Reviewed)

## 16 REGULATORY RATIOS (continued)

### Net Stable Funding Ratio ("NSFR") (continued)

|                                                                                                                                   | 31 December 2023 (Audited)        |                                |                                                  |                           |                                  |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------------------|--------------------------------------------------|---------------------------|----------------------------------|
|                                                                                                                                   | Unweighted values                 |                                |                                                  |                           |                                  |
|                                                                                                                                   | No specified maturity<br>US\$ 000 | Less than 6 months<br>US\$ 000 | than 6 months and less than one year<br>US\$ 000 | Over one year<br>US\$ 000 | Total weighted value<br>US\$ 000 |
| Available Stable Funding (ASF)                                                                                                    |                                   |                                |                                                  |                           |                                  |
| Capital                                                                                                                           | 258,441                           | -                              | -                                                | 221,323                   | 479,764                          |
| Stable deposits                                                                                                                   | -                                 | 643                            | -                                                | -                         | 611                              |
| Less stable deposits                                                                                                              | -                                 | -                              | -                                                | 19,773                    | 19,773                           |
| Secured and unsecured funding                                                                                                     | -                                 | 8,232                          | -                                                | -                         | 4,116                            |
| Other deposits and funding from financial institutions                                                                            | -                                 | 41,853                         | -                                                | 80,034                    | 80,034                           |
| Other liabilities                                                                                                                 | -                                 | -                              | -                                                | 96,837                    | 96,837                           |
| Total ASF                                                                                                                         | 258,441                           | 50,728                         | -                                                | 417,967                   | 681,135                          |
| Required Stable Funding (RSF)                                                                                                     |                                   |                                |                                                  |                           |                                  |
| Unencumbered Level 2B HQLA                                                                                                        | 27,975                            | -                              | -                                                | -                         | 13,987                           |
| Unencumbered Non-HQLA securities that are not in default and exchange-traded equities in cases where the issuer is not in default | -                                 | -                              | 19,679                                           | -                         | 9,839                            |
| Loans                                                                                                                             | -                                 | 82,467                         | -                                                | -                         | 12,370                           |
| Deposits held at other financial institutions for operational purposes                                                            | -                                 | 75,446                         | -                                                | 3,179                     | 40,902                           |
| All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities        | 377,402                           | -                              | -                                                | -                         | 377,402                          |
| Off-Balance Sheet exposures                                                                                                       |                                   |                                |                                                  |                           |                                  |
| Trade finance-related obligations (including guarantees and letters of credit)                                                    | 2,307                             | -                              | -                                                | -                         | 115                              |
| Total RSF                                                                                                                         | 407,684                           | 157,913                        | 19,679                                           | 3,179                     | 454,615                          |
| NSFR (%)                                                                                                                          |                                   |                                |                                                  |                           | 149.8%                           |

### Liquidity Coverage Ratio ("LCR")

|              | Reviewed<br>31 March<br>2024 | Audited<br>31 December<br>2023 |
|--------------|------------------------------|--------------------------------|
| Solo         | 324%                         | 273%                           |
| Consolidated | 629%                         | 537%                           |