



BURGAN BANK GROUP
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

30 JUNE 2022 (UNAUDITED)



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Burgan Bank K.P.S.C. (the “Bank”) and its subsidiaries (collectively, the “Group”) as at 30 June 2022, and the related interim condensed consolidated statement of income and the interim condensed consolidated statement of comprehensive income for the three month and six month periods then ended, the interim condensed consolidated statement changes in equity and interim condensed consolidated statement cash flows for the six months period then ended. Management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the six months period ended 30 June 2022 that might have had a material effect on the business of the Bank or on its financial position.

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

Report on other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six months period ended 30 June 2022 that might have had a material effect on the business of the Bank or on its financial position.

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



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Kuwait: 27 July 2022

Burgan Bank Group
Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2022 (Unaudited)

		<i>(Audited)</i>		
		<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
		<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>Notes</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
ASSETS				
Cash and cash equivalents	3	1,010,202	821,608	758,468
Treasury bills and bonds with the CBK and others		307,220	247,393	229,483
Due from banks and other financial institutions		351,315	331,324	364,948
Loans and advances to customers		4,192,468	4,278,709	4,239,103
Investment securities		661,498	649,266	620,472
Other assets		282,344	277,562	275,800
Property and equipment		157,645	150,153	158,557
Intangible assets		17,643	18,412	19,331
		<u>6,980,335</u>	<u>6,774,427</u>	<u>6,666,162</u>
Disposal group held for sale		326,253	300,488	279,516
TOTAL ASSETS		<u>7,306,588</u>	<u>7,074,915</u>	<u>6,945,678</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		616,023	518,756	296,075
Due to other financial institutions		457,356	364,829	310,641
Deposits from customers		4,158,941	4,161,731	4,349,869
Other borrowed funds	4	631,524	622,483	666,764
Other liabilities	5	236,097	225,768	223,076
		<u>6,099,941</u>	<u>5,893,567</u>	<u>5,846,425</u>
Liabilities directly associated with the disposal group held for sale		268,528	249,423	229,097
TOTAL LIABILITIES		<u>6,368,469</u>	<u>6,142,990</u>	<u>6,075,522</u>
EQUITY				
Share capital	6	328,781	313,125	275,625
Share premium		282,802	282,802	249,052
Treasury shares	6	(1,742)	(1,742)	(1,742)
Statutory reserve		107,755	107,755	102,971
Voluntary reserve		108,133	108,133	103,349
Other reserves	6	(229,993)	(223,218)	(195,267)
Retained earnings		143,903	151,028	144,580
		<u>739,639</u>	<u>737,883</u>	<u>678,568</u>
Total equity attributable to the equity holders of the Bank		739,639	737,883	678,568
Perpetual Tier 1 capital securities		153,350	151,250	150,525
Non-controlling interests		45,130	42,792	41,063
TOTAL EQUITY		<u>938,119</u>	<u>931,925</u>	<u>870,156</u>
TOTAL LIABILITIES AND EQUITY		<u>7,306,588</u>	<u>7,074,915</u>	<u>6,945,678</u>


Khalid Al Zouman
 Group Chief Financial Officer


Masoud M. J. Hayat
 Vice Chairman &
 Group Chief Executive Officer


Abdullah Nasser Sabah Al-Ahmad Al-Sabah
 Chairman of the Board

The attached notes 1 to 13 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Income

Period ended 30 June 2022 (Unaudited)

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		KD 000's	KD 000's	KD 000's	KD 000's
Interest income		72,194	67,117	134,867	125,603
Interest expense		(37,600)	(31,739)	(68,356)	(64,104)
Net interest income		34,594	35,378	66,511	61,499
Fee and commission income		11,016	10,073	21,968	21,538
Fee and commission expense		(1,599)	(1,618)	(3,154)	(2,990)
Net fee and commission income		9,417	8,455	18,814	18,548
Net gain from foreign currencies		4,091	4,639	7,733	7,312
Net investment income		3,648	6,839	7,256	13,945
Dividend income		1,053	746	1,155	746
Other income		4,998	8,160	8,907	9,974
Operating income		57,801	64,217	110,376	112,024
Staff expenses		(13,390)	(11,369)	(25,024)	(22,640)
Other expenses		(13,176)	(12,901)	(23,961)	(22,287)
Operating profit before credit losses and other provisions		31,235	39,947	61,391	67,097
Release of (charge for) provision for credit losses		3,023	(18,913)	(10,887)	(39,107)
Provision release of (charge for) provision for other financial assets		72	315	(58)	289
Net monetary loss	2.3	(11,054)	-	(11,054)	-
Profit before taxation		23,276	21,349	39,392	28,279
Taxation	7	(6,845)	(2,344)	(9,834)	(3,118)
Profit for the period		16,431	19,005	29,558	25,161
Attributable to:					
Equity holders of the Bank		15,114	18,960	27,240	24,020
Non-controlling interests		1,317	45	2,318	1,141
		16,431	19,005	29,558	25,161
Basic and diluted earnings per share - attributable to the equity holders of the Bank (Fils)	8	2.8	5.3	6.3	7.2

The attached notes 1 to 13 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group
Interim Condensed Consolidated Statement of Comprehensive Income
Period ended 30 June 2022 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period	16,431	19,005	29,558	25,161
Other comprehensive (loss) income				
<i>Items that will not be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Net change in fair value of equity instruments at fair value through other comprehensive income	(7,262)	(1,094)	(714)	(3,167)
	(7,262)	(1,094)	(714)	(3,167)
<i>Items that will be reclassified to interim condensed consolidated statement of income in subsequent periods:</i>				
Debt instruments at fair value through other comprehensive income:				
Net change in fair value	(7,386)	1,405	(19,086)	(4,072)
Net transfer to interim condensed consolidated statement of income	(350)	(79)	10	(418)
Foreign currency translation adjustment	(8,900)	(4,589)	(16,750)	(13,921)
Changes in fair value of cash flow hedges	6,504	1,740	10,048	2,595
Net gain (loss) on hedge of a net investment	277	(674)	1,191	1,805
Other comprehensive loss for the period	(17,117)	(3,291)	(25,301)	(17,178)
Total comprehensive (loss) income for the period	(686)	15,714	4,257	7,983
Attributable to:				
Equity holders of the Bank	(2,094)	15,900	1,899	7,625
Non-controlling interests	1,408	(186)	2,358	358
	(686)	15,714	4,257	7,983

The attached notes 1 to 13 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Changes in Shareholder's Equity Period ended 30 June 2022 (Unaudited)

	<i>Attributable to the equity holders of the Bank</i>										
	<i>Share capital</i> KD 000's	<i>Share premium</i> KD 000's	<i>Treasury shares</i> KD 000's	<i>Statutory reserve</i> KD 000's	<i>Voluntary reserve</i> KD 000's	<i>Other reserves*</i> KD 000's	<i>Retained earnings</i> KD 000's	<i>Total</i> KD 000's	<i>Perpetual Tier 1 capital securities</i> KD 000's	<i>Non-controlling interests</i> KD 000's	<i>Total equity</i> KD 000's
Balance as at 1 January 2022	313,125	282,802	(1,742)	107,755	108,133	(223,218)	151,028	737,883	151,250	42,792	931,925
Profit for the period	-	-	-	-	-	-	27,240	27,240	-	2,318	29,558
Other comprehensive (loss) income for the period	-	-	-	-	-	(25,341)	-	(25,341)	-	40	(25,301)
Total comprehensive (loss) income for the period	-	-	-	-	-	(25,341)	27,240	1,899	-	2,358	4,257
Bonus shares issued (note 6)	15,656	-	-	-	-	-	(15,656)	-	-	-	-
Cash dividend (note 6)	-	-	-	-	-	-	(15,632)	(15,632)	-	-	(15,632)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(102)	(102)
Foreign currency translation adjustment	-	-	-	-	-	-	(2,100)	(2,100)	2,100	-	-
Net transfer to retained earnings for equity investments at FVOCI	-	-	-	-	-	3,762	(3,762)	-	-	-	-
Interest payment on Tier 1 capital securities	-	-	-	-	-	-	(4,410)	(4,410)	-	-	(4,410)
Impact of initial application of IAS 29 (note 2.3)	-	-	-	-	-	14,804	7,195	21,999	-	82	22,081
Balance as at 30 June 2022	328,781	282,802	(1,742)	107,755	108,133	(229,993)	143,903	739,639	153,350	45,130	938,119

*Refer note 6 for further break up of other reserves

The attached notes 1 to 13 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Changes in Shareholder's Equity (continued) Period ended 30 June 2022 (Unaudited)

	<i>Attributable to the equity holders of the Bank</i>										
	<i>Share capital KD 000's</i>	<i>Share premium KD 000's</i>	<i>Treasury shares KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Voluntary reserve KD 000's</i>	<i>Other reserves* KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Total KD 000's</i>	<i>Perpetual Tier 1 capital securities KD 000's</i>	<i>Non-controlling interests KD 000's</i>	<i>Total equity KD 000's</i>
Balance as at 1 January 2021	262,500	249,052	(1,742)	102,971	103,349	(178,868)	150,011	687,273	151,625	40,866	879,764
Profit for the period	-	-	-	-	-	-	24,020	24,020	-	1,141	25,161
Other comprehensive loss for the period	-	-	-	-	-	(16,395)	-	(16,395)	-	(783)	(17,178)
Total comprehensive (loss) income for the period	-	-	-	-	-	(16,395)	24,020	7,625	-	358	7,983
Bonus shares issued (note 6)	13,125	-	-	-	-	-	(13,125)	-	-	-	-
Cash dividend (note 6)	-	-	-	-	-	-	(13,102)	(13,102)	-	-	(13,102)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(161)	(161)
Foreign currency translation adjustment	-	-	-	-	-	-	1,100	1,100	(1,100)	-	-
Net transfer to retained earnings for equity investments at FVOCI	-	-	-	-	-	(4)	4	-	-	-	-
Interest payment on Tier 1 capital securities	-	-	-	-	-	-	(4,328)	(4,328)	-	-	(4,328)
Balance as at 30 June 2021	<u>275,625</u>	<u>249,052</u>	<u>(1,742)</u>	<u>102,971</u>	<u>103,349</u>	<u>(195,267)</u>	<u>144,580</u>	<u>678,568</u>	<u>150,525</u>	<u>41,063</u>	<u>870,156</u>

*Refer note 6 for further break up of other reserves

The attached notes 1 to 13 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Interim Condensed Consolidated Statement of Cash Flows Period ended 30 June 2022 (Unaudited)

	Note	Six months ended 30 June	
		2022 KD 000's	2021 KD 000's
Operating activities			
Profit for the year before taxation		39,392	28,279
Adjustments:			
Net investment income		(7,256)	(13,945)
Provision for credit losses		10,887	39,107
Provision charge (release) for other financial assets		58	(289)
Dividend income		(1,155)	(746)
Depreciation and amortisation		6,807	4,815
Net monetary loss		11,054	-
Operating profit before changes in operating assets and liabilities		59,787	57,221
Changes in operating assets and liabilities:			
Treasury bills and bonds with the CBK and others		(67,715)	21,423
Due from banks and other financial institutions		(24,119)	107,046
Loans and advances to customers		84,992	14,569
Other assets		(1,901)	(17,466)
Due to banks		94,609	(118,034)
Due to other financial institutions		92,527	(299,613)
Deposits from customers		18,095	299,132
Other liabilities		2,514	(22,796)
Taxation paid		(2,147)	(1,212)
Net cash from operating activities		256,642	40,270
Investing activities			
Purchase of investment securities		(234,024)	(325,018)
Proceeds from sale of investment securities		221,565	306,988
Purchase of property and equipment, net of disposals		(11,949)	(4,635)
Net movement in non-controlling interest		27	-
Dividends received		1,155	746
Net cash used in investing activities		(23,226)	(21,919)
Financing activities			
Other borrowed funds		8,981	(12,685)
Cash dividend paid to equity holders of the Bank		(15,632)	(13,102)
Cash dividend paid to non-controlling interests		(102)	(161)
Interest payment on Tier1 capital securities		(4,410)	(4,328)
Net cash used in financing activities		(11,163)	(30,276)
Net increase / (decrease) in cash and cash equivalents		222,253	(11,925)
Effect of foreign currency translation		(17,728)	(13,945)
Cash and cash equivalents at 1 January		971,575	964,563
Cash and cash equivalents at 30 June	3	1,176,100	938,693
Additional cash flow information:			
Interest received		150,363	117,733
Interest paid		71,865	72,915

The attached notes 1 to 13 form an integral part of this interim condensed consolidated financial information.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information As at 30 June 2022 (Unaudited)

1. INCORPORATION AND REGISTRATION

Burgan Bank K.P.S.C. (the “Bank”) is a public shareholding company incorporated in the State of Kuwait by Amiri Decree dated 27 December 1975 listed on Boursa Kuwait and is registered as a bank with the Central Bank of Kuwait (the “CBK”). The Bank’s registered address is P.O. Box 5389, Safat 12170, State of Kuwait.

The interim condensed consolidated financial information of the Bank and its subsidiaries (collectively, the “Group”) for the period ended 30 June 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 6 July 2022.

The principal activities of the Group are explained in note 9.

The Bank is a subsidiary of Kuwait Projects Company Holding K.S.C.P. (the “Parent Company”) and whose shares are listed on Boursa Kuwait.

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

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

The interim condensed consolidated financial information has been prepared in accordance with the regulations for financial services institutions as issued by the CBK in the State of Kuwait. These regulations, require banks and other financial institutions regulated by the CBK to adopt the International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), with the following amendments:

- (i) Expected credit loss (“ECL”) to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 in accordance with the CBK guidelines or the provisions as required by the CBK instructions along with its consequent impact on related disclosures; and
- (ii) Recognition of modification losses on financial assets arising from payment holidays to customers as a result of Covid-19, during the financial year ended 31 December 2020, as required by the CBK circular reference no. 2/RB, RBA/461/2020. Modification losses referred to in the circular, should be recognised in retained earnings instead of profit or loss as would be required by IFRS 9. However, modification loss on financial assets arising from any other payment holidays to customers shall be recognised in the profit or loss in accordance with IFRS 9. All modification losses incurred after the year ended 31 December 2020, are recognised to the profit or loss. The application of the policy will result in application of different accounting presentation for modification losses in 2020 as compared to other periods.

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

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2021.

Further, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. Certain prior period amounts have been restated / reclassified in order to conform to the current period presentation. Such reclassifications do not affect previously reported assets, liabilities, equity and profit for the period.

2.2. Accounting policies adopted in the preparation of the interim condensed consolidated financial information

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the previous financial year.

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

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

2. BASIS OF PRPERATION AND CHANGES TO ACCOUNTING POLICIES (continued)

2.3 Hyperinflation

The Bank, through its subsidiary Burgan Bank A.S. (“BBT”), has banking operations in Turkey. The Turkish economy has been assessed as a hyperinflationary economy based on the cumulative inflation rates over the previous three years, effective for reporting period on or after 30 April 2022. Accordingly, these financial statements include the effects of hyperinflation in accordance with IAS 29 “Financial Reporting in Hyperinflationary Economies” stemming from its Turkish operations. IAS 29 has been applied from 1 January 2022 i.e. the beginning of the reporting period in which the Group identified hyperinflation.

Upon first application of IAS 29, the net prior period gains of KD 22,081 thousand were recognised directly in equity. The inflated value of assets on initial application resulted in net asset value of BBT exceeding its estimated recoverable amount. Accordingly, the initial inflation adjustment was capped at recoverable amount and the difference was directly recorded in retained earnings. The Group has determined the Consumer Price Index (“CPI”) as the appropriate general price index to be used in the inflation accounting and it was measured at 931.76 as at 30 June 2022 (31 December 2021: 686.95 and 30 June 2021: 547.48). The inflation accounting was applied to the books of BBT from the date of acquisition i.e. December 2012.

The Group has recorded net monetary loss of KD 11,054 thousand in the interim condensed consolidated statement of income for the six months period ended 30 June 2022.

3. CASH AND CASH EQUIVALENTS

	30 June 2022 KD 000's	(Audited) 31 December 2021 KD 000's	30 June 2021 KD 000's
Cash in hand and in current account with banks and OFIs	318,186	409,283	317,324
Balances with the CBK	254,268	165,839	76,497
Due from banks and OFIs maturing within thirty days	437,757	246,502	364,671
	1,010,211	821,624	758,492
Expected credit losses	(9)	(16)	(24)
Cash and cash equivalents as per interim condensed consolidated statement of financial position	1,010,202	821,608	758,468
Cash and cash equivalents attributable to disposal group held for sale	165,898	149,967	180,225
Cash and cash equivalents as per interim condensed consolidated statement of cash flows	1,176,100	971,575	938,693

4. OTHER BORROWED FUNDS

	Interest rates	30 June 2022 KD 000's	(Audited) 31 December 2021 KD 000's	30 June 2021 KD 000's
Euro Medium Term Note	3.125%	-	-	150,463
Senior unsecured fixed rate bonds	4.125%	-	-	99,931
Murabaha facility- unsecured 2024	3M Libor+ (1.00% - 1.18%)	152,896	150,680	59,833
Subordinated bonds – 2031*	2.75%	152,664	150,498	149,711
Medium term borrowing -unsecured (2023-2026)	3M Libor+ (1.00% - 1.40%)	325,964	321,305	206,826
		631,524	622,483	666,764

*In 2020, the Bank issued US\$500 million Subordinated Tier 2 Notes due in 2031 (the “Notes”) at the principal amount. The Notes meet the requirements to be treated as Tier 2 Capital under Basel III Regulations as adopted by the CBK. The Notes are callable in whole but not in part at the option of the issuer after 6 years from the date of their issuance or on any interest payment date their after, subject to certain conditions being satisfied and the prior approval of the CBK.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

5. OTHER LIABILITIES

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2022</i>	<i>31 December</i>	<i>2021</i>
	<i>KD 000's</i>	<i>2021</i>	<i>KD 000's</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Accrued interest payable	28,007	31,516	30,174
Staff benefits	18,856	17,662	17,069
Provision for non-cash credit facilities	23,179	19,139	16,060
Clearing cheques and balances	32,481	36,947	43,358
Income received in advance	11,739	10,445	11,924
Other payable and accruals	44,672	44,033	36,564
Deferred tax liabilities	5,323	196	292
Taxation payable	13,898	12,759	13,606
Other balances	57,942	53,071	54,029
	236,097	225,768	223,076

6. SHAREHOLDERS' EQUITY

a) The issued and fully paid-up share capital of the Bank comprises 3,287,812,500 (31 December 2021: 3,131,250,000 and 30 June 2021: 2,756,250,000) shares of 100 fils each.

b) Treasury shares

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2022</i>	<i>31 December</i>	<i>2021</i>
		<i>2021</i>	<i>2021</i>
Number of shares held	5,057,911	4,811,693	4,811,693
Percentage of shares held	0.15%	0.15%	0.17%
Cost <i>KD 000's</i>	1,742	1,742	1,742
Market value - <i>KD 000's</i>	1,219	1,193	1,087
Weighted average market value per share (fils)	278	224	220

The balance in the treasury share reserve account is not available for distribution. An amount equal to the cost of treasury shares is not available for distribution from share premium, statutory reserve, voluntary reserve and retained earnings throughout the holding period of these treasury shares.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

6. SHAREHOLDERS' EQUITY (continued)

c) Other reserves

	<i>Six months period ended 30 June 2022</i>							<i>Total KD 000's</i>
	<i>Treasury shares reserve KD 000's</i>	<i>Fair value reserve KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Hedge of net investment in foreign operations KD 000's</i>	<i>Cash flow hedge reserve KD 000's</i>	<i>Changes in ownership in subsidiaries KD 000's</i>	<i>Reserve of disposal group held for sale KD 000's</i>	
Balance at 1 January 2022	43,135	(65,398)	(222,514)	22,507	7,137	(1,478)	(6,607)	(223,218)
Other comprehensive (loss) income for the period	-	(19,791)	(16,752)	1,191	10,011	-	-	(25,341)
Total comprehensive (loss) income	-	(19,791)	(16,752)	1,191	10,011	-	-	(25,341)
Transfer related to disposal group held for sale	-	3	(509)	-	-	-	506	-
Net transfer to retained earnings for equity investments at FVOCI	-	3,762	-	-	-	-	-	3,762
Impact of initial application of IAS 29 (note 2.3)	-	-	14,804	-	-	-	-	14,804
Balance at 30 June 2022	43,135	(81,424)	(224,971)	23,698	17,148	(1,478)	(6,101)	(229,993)

	<i>Six months period ended 30 June 2021</i>							<i>Total KD 000's</i>	
	<i>Treasury shares reserve KD 000's</i>	<i>Fair value reserve KD 000's</i>	<i>Share based compensation reserve KD 000's</i>	<i>Foreign currency translation reserve KD 000's</i>	<i>Hedge of net investment in foreign operations KD 000's</i>	<i>Cash flow hedge reserve KD 000's</i>	<i>Changes in ownership in subsidiaries KD 000's</i>		<i>Reserve of disposal group held for sale KD 000's</i>
Balance at 1 January 2021	43,135	(49,953)	564	(181,259)	13,145	2,295	(1,478)	(5,317)	(178,868)
Other comprehensive (loss) income for the period	-	(7,385)	-	(13,399)	1,805	2,584	-	-	(16,395)
Total comprehensive (loss) income	-	(7,385)	-	(13,399)	1,805	2,584	-	-	(16,395)
Transfer related to disposal group held for sale	-	302	-	201	-	-	-	(503)	-
Net transfer to retained earnings for equity investments at FVOCI	-	(4)	-	-	-	-	-	-	(4)
Balance at 30 June 2021	43,135	(57,040)	564	(194,457)	14,950	4,879	(1,478)	(5,820)	(195,267)

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As at 30 June 2022 (Unaudited)

6. SHAREHOLDERS' EQUITY (continued)

d) Dividends and bonus shares

On 5 April 2022, the Annual General Assembly approved the distribution of cash dividend of 5 fils per share (2020: 5 fils) and bonus shares of 5% (2020: 5%) for the year ended 31 December 2021.

7. TAXATION

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
National Labour Support Tax	300	502	614	628
Contribution to the Kuwait Foundation for the Advancement of Sciences	159	201	286	251
Zakat	119	201	246	251
Taxation arising from overseas subsidiaries	6,267	1,440	8,688	1,988
	6,845	2,344	9,834	3,118

8. EARNINGS PER SHARE

Basic and diluted earnings per share are computed by dividing the profit for the period attributable to equity holders of the Bank after interest payment of Tier 1 capital securities by the weighted average number of shares outstanding during the period less treasury shares.

The computation of basic and diluted earnings per share is as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Profit for the period attributable to equity holders of the Bank	15,114	18,960	27,240	24,020
Less: Interest payments and other movements on Tier 1 capital securities	(5,810)	(3,653)	(6,510)	(3,228)
Profit for the period attributable to equity holders of the Bank after interest payment on Tier 1 capital securities and other movements	9,304	15,307	20,730	20,792
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares, net of treasury shares	3,282,754,589	2,907,754,589	3,282,754,589	2,907,754,589
Basic and diluted earnings per share (fils)	2.8	5.3	6.3	7.2

Basic and diluted earnings per share for the comparative period presented have been restated to reflect the effect of bonus shares (note 6).

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

9. SEGMENT INFORMATION

For management purposes, the Group organises its operations by geographic territory in the first instance, primarily Domestic and International. All operations outside Kuwait are classified as International. Within its domestic operations, the Group is organised into the following business segments.

- ▶ **Corporate and consumer banking:** provides comprehensive product and services to Financial institutions, Corporate and individual customers, including lending, deposits, trade services, foreign exchange, advisory services, credit and debit cards, and others.
- ▶ **Treasury and Investment banking:** includes treasury activities, investment services and management. It also provides products and services to banks including money markets, lending, deposits, foreign exchange and others.
- ▶ **Central office:** includes liquidity and funding management, any residual in respect of transfer pricing and other unallocated activities.

Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment result after provisions which in certain respects are measured differently from operating profit or loss in the interim condensed consolidated financial information.

Consequent to an internal re-organisation during the period ended 30 June 2022, the management has merged the previously reported segments of Corporate Banking and Retail and Private Banking segments into “Corporate and Consumer Banking” segment. The financial information relating to these segments in the comparative financial periods has been restated to conform to the current period presentation.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

9. SEGMENT INFORMATION (continued)

The following table presents information relating to the income and results of the Group's operating segments for the six months period ended 30 June:

	<i>Kuwait Operations</i>				<i>International Operations</i>	<i>Unallocated / Intragroup Transactions</i>	<i>Group</i>
	<i>Corporate and consumer banking</i>	<i>Treasury and investment banking</i>	<i>Central office</i>	<i>Total</i>			
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>Total</i>
							<i>KD 000's</i>
<i>30 June 2022</i>							
Net interest income	42,677	(1,743)	2,714	43,648	30,028	(7,165)	66,511
Segment operating results	54,469	4,792	2,861	62,122	55,419	(7,165)	110,376
Profit / (loss) for the period	23,963	2,370	1,667	28,000	12,162	(10,604)	29,558
	<i>Kuwait Operations</i>				<i>International Operations</i>	<i>Unallocated / Intragroup Transactions</i>	<i>Group</i>
	<i>Corporate and consumer banking</i>	<i>Treasury and investment banking</i>	<i>Central office</i>	<i>Total</i>			
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>Total</i>
							<i>KD 000's</i>
<i>30 June 2021</i>							
Net interest income	42,100	680	(3,884)	38,896	27,280	(4,677)	61,499
Segment operating results	53,655	13,359	(3,565)	63,449	53,252	(4,677)	112,024
Profit / (loss) for the period	15,834	10,952	(2,501)	24,285	9,284	(8,408)	25,161

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Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

9. SEGMENT INFORMATION (continued)

	<i>Kuwait Operations</i>				<i>International Operations</i>	<i>Unallocated / Intragroup Transactions</i>	<i>Group</i>
	<i>Corporate and consumer banking KD 000's</i>	<i>Treasury and investment banking KD 000's</i>	<i>Central office KD 000's</i>	<i>Total KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>Total KD 000's</i>
<i>30 June 2022</i>							
Total assets	3,781,720	883,389	741,845	5,406,954	2,065,143	(165,509)	7,306,588
Total liabilities	2,569,009	519,382	1,650,158	4,738,549	1,786,752	(156,832)	6,368,469
<i>31 December 2021 (Audited)</i>							
Total assets	3,878,838	745,945	600,290	5,225,073	2,040,862	(191,020)	7,074,915
Total liabilities	2,520,868	397,702	1,603,385	4,521,955	1,805,309	(184,274)	6,142,990
<i>30 June 2021</i>							
Total assets	3,799,261	701,629	525,907	5,026,797	2,095,584	(176,703)	6,945,678
Total liabilities	2,277,626	200,392	1,930,463	4,408,481	1,846,635	(179,594)	6,075,522

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

10. TRANSACTIONS WITH RELATED PARTIES

The Group has entered into transactions with certain related parties (Parent Company, Board members, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties) who were customers of the Group during the period. The "Others" column in the table below mainly represents transactions with other related parties that are either controlled or significantly influenced by the Parent Company. The terms of these transactions are substantially on the same commercial basis and as approved by the Group's management, including collateral. Lending to Board members and their related parties is secured by tangible collateral in accordance with regulations of the CBK.

The outstanding balances and transactions are as follows:

	<i>Parent Company</i>	<i>Others</i>	<i>30 June 2022</i>	<i>(Audited)</i>	
				<i>31 December 2021</i>	<i>30 June 2021</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<i>Assets and liabilities</i>					
Due from banks and OFIs*	-	177,493	177,493	175,970	191,135
Loans and advances to customers*	-	966,994	966,994	968,721	855,345
Investment securities	18,417	106,461	124,878	126,323	131,681
Investment securities managed by a related party	-	85,384	85,384	82,108	74,884
Other assets	-	6,045	6,045	5,867	5,657
Due to banks	-	8,277	8,277	7,429	17,063
Due to other financial institutions	-	54,880	54,880	64,509	64,838
Deposits from customers	82,636	48,669	131,305	153,134	116,417
<i>Commitments, contingent liabilities and derivatives</i>					
Letters of credit	-	8,810	8,810	711	12,809
Letters of guarantee	-	89,326	89,326	69,607	81,187
Undrawn lines of credit	-	104,656	104,656	127,207	144,215
Other commitments	-	17,793	17,793	15,793	18,174
<i>Transactions</i>					
Interest income	30	17,501	17,531	30,912	15,233
Interest expense	(16)	(243)	(259)	(656)	(279)
Fee and commission income	1	631	632	804	512
Fee and commission expenses	-	(366)	(366)	(517)	(236)
Dividend income	599	105	704	499	603
Other expense	-	(2,356)	(2,356)	(10,845)	(7,730)
<i>Other transactions during the period</i>					
Purchase of property and equipment	-	5	5	1,664	362
Sale of investment security	-	3,155	3,155	-	-
Loss on sale of investment securities transfer to retained earnings	-	(3,830)	(3,830)	-	-

* As of period ended 30 June 2022, the fair value of total eligible collateral to the extent of the outstanding balances amounted to KD 535,817 thousand (31 December 2021: KD 532,224 thousand and 30 June 2021: KD 455,939 thousand).

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

10. TRANSACTIONS WITH RELATED PARTIES (continued)

	<i>No. of Board members / key management personnel</i>	<i>30 June 2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December 2021</i> <i>KD 000's</i>	<i>30 June 2021</i> <i>KD 000's</i>
Board members*				
Loans and advances	4	5,515	4,995	4,475
Deposits from customers	6	1,944	978	1,209
Key management personnel				
Loans and advances	16	814	217	186
Deposits from customers	40	1,980	1,983	2,492
Letters of guarantee	1	17	18	7

* Transactions with Board members include transactions with a key management personnel who is also a board member.

Key management compensation

Remuneration payable or estimated accruals in relation to “key management” (deemed for this purpose to comprise Directors in relation to their committee service, the Chief Executive Officers and other Senior Officers), was as follows:

	<i>Six months ended</i> <i>30 June</i>	
	<i>2022</i> <i>KD 000's</i>	<i>2021</i> <i>KD 000's</i>
Short term employee benefits including salary and bonus	3,037	2,893
Accrual for end of service benefits	1,188	1,181
Accrual for cost of long-term incentive rights	469	284
Accrual for committee services	250	185
	4,944	4,543

11. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 June 2022</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December 2021</i> <i>KD 000's</i>	<i>30 June 2021</i> <i>KD 000's</i>
Acceptances	26,182	40,182	32,240
Letters of credit	307,488	209,612	265,593
Letters of guarantee	836,803	822,849	866,562
	1,170,473	1,072,643	1,164,395

Irrecoverable commitments to extend credit amount to KD 600,426 thousand (31 December 2021: KD 642,447 thousand and 30 June 2021: KD 706,250). This includes commitments to extend credit which are irrecoverable over the life of the facility or are revocable only in response to a material adverse change.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information As at 30 June 2022 (Unaudited)

11. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

The primary purpose of these instruments is to ensure that funds are available to customers as required. Acceptances, standby letters of credit and guarantees, which represent irrevocable assurances that the Group will make payments in the event that the customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are undertaken by the Group on behalf of the customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing.

Undrawn lines of credit represent unused portions of authorisations to extend cash credit. With respect to credit risk on undrawn lines of credit, the Group is potentially exposed to loss in an amount equal to the total unused lines. However, the likely amount of loss is less than the total unused lines since most of these lines will expire or terminate without being funded.

The Group makes available to its customers guarantees which may require that the Group makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Such payments are collected from customers based on the terms of the letter of credit. They expose the Group to similar risks to loans and these are mitigated by the same control processes and policies.

The Group has commitments in respect of capital expenditure amounting to KD 17,793 thousand (31 December 2021: KD 15,793 thousand and 30 June 2021: KD 18,174 thousand).

12. DERIVATIVES

The table below shows the notional amounts of derivatives outstanding as of the reporting date. The notional amount of a derivatives' underlying asset, reference rate or index is the basis upon which changes in the value of derivatives are measured.

Hedge of net investment in foreign operations

The Bank entered into forward foreign exchange contracts between TRY and USD, as a hedge of the Bank's net investment in its subsidiary based in Turkey. Gains or losses on the retranslation of the aforesaid contracts are transferred to equity to offset any gains or losses on translation of the net investments in the Turkish subsidiary. No ineffectiveness from hedges of net investments in foreign operations was recognised in interim condensed consolidated statement of income during the period. The Group regularly assess the optimal hedge ratio i.e. the amount of net assets of the subsidiary to be hedged and as at 30 June 2022 has determined 24% (31 December 2021: 40% and 30 June 2021: 50%) as the optimal hedge ratio.

Derivatives held for hedging

Interest Rate Swaps

A subsidiary of the Group applies cash flow hedge accounting using interest rate swaps to hedge its foreign currency deposits with an average maturity up to three months against interest rate fluctuations. The subsidiary implements effectiveness tests at balance sheet dates for hedge accounting. The effective portions are accounted as part of changes in fair value of derivatives under other reserves, whereas the ineffective portion is recognised in interim condensed consolidated statement of income. No ineffectiveness from hedges was recognised in interim condensed consolidated statement of income during the period.

Derivatives held for trading

Derivative transactions for customers and derivatives used for economic hedging purpose as part of the Group's risk management strategy but which do not meet the qualifying criteria for hedge accounting are classified as 'Derivatives held for trading'. The risk exposures on account of derivative transactions for customers are covered by entering into similar transactions with counter parties or by other risk mitigating transactions.

The positive fair value of derivative instruments as at 30 June 2022 is KD 49,505 thousand (31 December 2021: KD 72,828 thousand and 30 June 2021: KD 43,387 thousand) and the negative fair value is KD 29,060 thousand (31 December 2021: KD 22,661 thousand and 30 June 2021: KD 15,849 thousand), included in the carrying amount of other assets and other liabilities respectively.

Burgan Bank Group

Notes to the Interim Condensed Consolidated Financial Information As at 30 June 2022 (Unaudited)

12. DERIVATIVES (continued)

The notional amounts of derivatives are as follows:

	<i>30 June</i>	<i>(Audited)</i>	<i>30 June</i>
	<i>2022</i>	<i>31 December</i>	<i>2021</i>
	<i>KD 000's</i>	<i>2021</i>	<i>2021</i>
		<i>KD 000's</i>	<i>KD 000's</i>
Derivatives held for trading:			
<i>(non-qualifying hedges)</i>			
Forward swaps / foreign exchange contracts	1,474,172	1,639,856	1,170,840
Interest rate swaps	43,942	81,134	113,725
Options	61,545	52,556	68,643
	<u><u>1,579,659</u></u>	<u><u>1,773,546</u></u>	<u><u>1,353,198</u></u>
 <i>Derivatives held for hedging:</i>			
Forward swaps / foreign exchange contracts	22,030	20,931	35,671
Interest rate swaps	234,573	196,442	167,418
	<u><u>256,603</u></u>	<u><u>217,373</u></u>	<u><u>203,089</u></u>

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Notes to the Interim Condensed Consolidated Financial Information

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13. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments comprise of financial assets and financial liabilities.

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

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Fair values of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than six months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Movement in Level 3 is mainly on account of additions and change in fair value. During the period, a decrease of KD 229 thousand (30 June 2021: KD 608 thousand) was recorded in the other comprehensive income representing change in fair value. There were no material transfers between the levels during the period.

Fair value measurement hierarchy for financial assets and financial liabilities that are carried at fair value is as follows:

	30 June 2022				(Audited) 31 December 2021				30 June 2021			
	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's	Level 1 KD 000's	Level 2 KD 000's	Level 3 KD 000's	Total KD 000's
Financial assets												
Equity securities	71,245	-	92,767	164,012	81,462	-	87,451	168,913	84,376	-	93,322	177,698
Debt securities	264,473	-	-	264,473	274,520	-	-	274,520	250,823	-	8,000	258,823
Managed funds	-	-	85,642	85,642	-	-	82,441	82,441	-	-	75,322	75,322
Derivative financial instruments	-	49,505	-	49,505	-	72,828	-	72,828	-	43,387	-	43,387
Financial liabilities												
Derivative financial instruments:	-	29,060	-	29,060	-	22,661	-	22,661	-	15,849	-	15,849

Investments securities classified as FVOCI and amortised cost and other debt instrument carried at amortised cost (excluding credit facilities) are subject to Expected Credit Losses. Central Bank of Kuwait bonds and Kuwait Government treasury bonds are not subject to Expected Credit Losses.

The impact on the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of shareholders' equity would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5 per cent.

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Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

13. FINANCIAL INSTRUMENTS (continued)

An analysis of the gross carrying amounts of credit facilities, commitments and contingent liabilities, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance with the CBK guidelines is as follows:

<i>30 June 2022</i>	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Credit facilities	<u>3,803,902</u>	<u>692,815</u>	<u>113,374</u>	<u>4,610,091</u>
Commitments and contingent liabilities*	<u>2,308,490</u>	<u>186,331</u>	<u>14,246</u>	<u>2,509,067</u>
ECL allowance for credit facilities	<u>22,005</u>	<u>51,263</u>	<u>64,520</u>	<u>137,788</u>
<i>31 December 2021 (Audited)</i>	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Credit facilities	<u>3,839,928</u>	<u>733,471</u>	<u>79,731</u>	<u>4,653,130</u>
Commitments and contingent liabilities*	<u>2,265,073</u>	<u>199,110</u>	<u>14,721</u>	<u>2,478,904</u>
ECL allowance for credit facilities	<u>27,873</u>	<u>55,672</u>	<u>47,920</u>	<u>131,465</u>
<i>30 June 2021</i>	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
Credit facilities	<u>3,731,089</u>	<u>779,583</u>	<u>230,340</u>	<u>4,741,012</u>
Commitments and contingent liabilities*	<u>2,371,671</u>	<u>284,003</u>	<u>8,063</u>	<u>2,663,737</u>
ECL allowance for credit facilities	<u>38,566</u>	<u>54,746</u>	<u>124,438</u>	<u>217,750</u>

*including commitments to extend non-cash facilities.

The details of available provisions as required by the CBK instructions are as follows:

	<i>(Audited)</i>		
	<i>30 June</i> <i>2022</i> <i>KD 000's</i>	<i>31 December</i> <i>2021</i> <i>KD 000's</i>	<i>30 June</i> <i>2021</i> <i>KD 000's</i>
Available provision for credit losses	<u>204,759</u>	<u>201,632</u>	<u>274,066</u>

The available provision includes KD 23,179 thousand (31 December 2021: KD 19,139 thousand and 30 June 2021: KD 16,060 thousand) being provision for non-cash facilities reported under other liabilities.

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Notes to the Interim Condensed Consolidated Financial Information

As at 30 June 2022 (Unaudited)

13. FINANCIAL INSTRUMENTS (continued)

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

	<i>Six months ended 30 June 2022</i>			
	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL allowance as at 1 January 2022	27,873	55,672	47,920	131,465
ECL movement for the period	(5,243)	(69)	25,789	20,477
Amounts written off	-	-	(4,307)	(4,307)
Foreign exchange adjustments	(625)	(4,340)	(4,882)	(9,847)
Balance at 30 June 2022	22,005	51,263	64,520	137,788

	<i>Six months ended 30 June 2021</i>			
	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL allowance as at 1 January 2021	52,962	99,591	100,162	252,715
ECL movement for the period	(14,020)	(43,138)	70,172	13,014
Amounts written off	-	-	(38,694)	(38,694)
Foreign exchange adjustments	(376)	(1,707)	(7,202)	(9,285)
Balance at 30 June 2021	38,566	54,746	124,438	217,750