

Ref: Fin/KSE/2022/082

Date:

25 APR 2022

التاريخ: 25 APR 2022

Chief Executive Officer
Boursa Kuwait

السيد / الرئيس التنفيذي
بورصة الكويت
المحترم

Dear Sir,

تحية طيبة وبعد ،

Subject: Interim Financial Statement for the period ending 31 March 2022.

الموضوع / البيانات المالية المرحلية للفترة المنتهية في 31 مارس 2022.

Reference is made to the above subject, and pursuant to the provisions of Chapter Four "Disclosure of Material Information" of Module Ten "Disclosure and Transparency" of the Executive Bylaws of Law No. "7" of 2010 and its Amendments regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities, Ahli United Bank kscp would like to disclose the Interim Financial Statement for the period ending 31 March 2022 after approval of the Central Bank of Kuwait has been received.

بالإشارة إلى الموضوع أعلاه، وعملاً بأحكام الفصل الرابع "الإفصاح عن المعلومات الجوهرية" من الكتاب العاشر "الإفصاح والشفافية" من اللائحة التنفيذية لقانون هيئة أسواق المال رقم "7" لسنة 2010 وتعديلاته، يود البنك الأهلي المتحد ش.م.ك.ع الإفصاح عن البيانات المالية المرحلية للفترة المنتهية في 31 مارس 2022. وذلك بعد أن تم الحصول على موافقة بنك الكويت المركزي .

Best regards,

وتفضلوا بقبول وافر التقدير والاحترام ،،

الرئيسي
البنك الأهلي المتحد
ahli united bank
2
HEAD OFFICE

Ahli United Bank K.S.C.P.

Established in 1941

Authorized Capital K.D. 250,000,000/-

Issued & Paid up Capital K.D. 238,245,453/300

C.R. 429

Head Office: Darwazat Al-Abdul Razzak

P.O. Box 71 Safat, 12168 Kuwait

Telephone (+965) 1802000, Fax (+965) 22461430

SWIFT CODE: BKMEKWKW

www.ahliunited.com.kw

البنك الأهلي المتحد (ش.م.ك.ع.)

تأسس عام ١٩٤١

رأس المال المصرح به - /250,000,000 د.ك.

رأس المال المصدر والمدفوع: 238,245,453/300 د.ك.

سجل تجاري ٤٢٩

المقر الرئيسي: دروازة العبد الرزاق

ص.ب ٧١ الصفاة، ١٢١٦٨ الكويت

هاتف: 1802000 (+965)، فاكس: 22461430 (+965)

سويقت كود: BKMEKWKW

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Financial Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية
الشركات الكويتية (د.ك.)

Company Name
Ahli United Bank K.S.C.P.

اسم الشركة
البنك الأهلي المتحد (ش.م.ك.ع.)

First Quarter Results Ended on
2022-03-31

نتائج الربع الأول المنتهي في

Board of Directors Meeting Date
2022-04-07

تاريخ اجتماع مجلس الإدارة

Required Documents
Approved financial statements.
Approved auditor's report
This form shall not be deemed to be complete unless the documents mentioned above are provided

المستندات الواجب إرفاقها بالنموذج
نسخة من البيانات المالية المعتمدة
نسخة من تقرير مراقب الحسابات المعتمد
لا يعتبر هذا النموذج مكتملاً ما لم يتم وإرفاق هذه المستندات

التغيير (%)	فترة الثلاث اشهر المقارنة	فترة الثلاث اشهر الحالية	البيان
Change (%)	Three Month Comparative Period	Three Month Current Period	Statement
	2021-03-31	2022-03-31	
5.4%	11,125,562	11,730,020	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
6.1%	4.9	5.2	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
14.2%	3,417,435,410	3,901,645,090	الموجودات المتداولة Current Assets
12.7%	4,304,464,753	4,852,144,952	إجمالي الموجودات Total Assets
10.7%	3,744,257,851	4,144,962,621	المطلوبات المتداولة Current Liabilities
10.6%	3,790,122,508	4,192,764,507	إجمالي المطلوبات Total Liabilities
5.5%	453,702,245	478,720,446	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
(5.0%)	24,546,175	23,314,025	إجمالي الإيرادات التشغيلية Total Operating Revenue
(14.2%)	16,212,797	13,906,901	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
	NA	NA	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

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الرئيسي
2
البنك الأهلي المتحد
ahli united bank
2
HEAD OFFICE

البنك الأهلي المتحد (ش.م.ك.ع.)

تأسس عام ١٩٤١

رأس المال المصرح به - /250,000,000 د.ك.

رأس المال المصدر والمدفوع /238,245,453 د.ك.

سجل تجاري ٤٢٩

المقر الرئيسي: دروازة العبد الرزاق

ص.ب. ٧١ الصفاة ١٢١٦٨ الكويت

هاتف: +٩٦٥ ١٨٠٢٠٠٠، فاكس: +٩٦٥ ٢٢٤٦١٤٣

سويفت كود: BKMEKWKW

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Financial Results Form
Kuwaiti Company (KWD)



التغيير (%)	اختر من القائمة	اختر من القائمة	البيان
Change (%)	Select from the list Click here to enter a date.	Select from the list Click here to enter a date.	Statement
	NA	NA	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
	NA	NA	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
	NA	NA	إجمالي الإيرادات التشغيلية Total Operating Revenue
	NA	NA	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

Increase/Decrease in Net Profit (Loss) is due to	سبب ارتفاع/انخفاض صافي الربح (الخسارة)
The increase is mainly due to business and assets growth.	يعود سبب الزيادة بشكل رئيسي الي نمو الأعمال والأصول.

Total Revenue realized from dealing with related parties (value, KWD)	KD 476,000/-	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
Total Expenditures incurred from dealing with related parties (value, KWD)	KD 1,487,501	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)

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Financial Results Form
Kuwaiti Company (KWD)

الرئيسي
٢
البنك الأهلي المتحد
ahli united bank
2
HEAD OFFICE

البنك الأهلي المتحد (ش.م.ك.ع.)

تأسس عام ١٩٤١
رأس المال المصرح به - /٢٥٠,٠٠٠,٠٠٠ د.ك.
رأس المال المصدر والمدفوع ٢٣٨,٢٤٥,٤٥٣/٣٠٠ د.ك.
سجل تجاري ٤٢٩
المقر الرئيسي: دروازة العبد الرزاق
ص.ب ٧١ الصفاة، ١٢١٦٨ الكويت
هاتف : ١٨٠٢٠٠٠ (+٩٦٥) ، فاكس: ٢٢٤٦١٤٣ (+٩٦٥)
سويفت كود: BKMEKWKW

نموذج نتائج البنوك المالية
للشركات الكويتية (د.ك.)

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Auditor Opinion		رأي مراقب الحسابات
1. Unqualified Opinion	<input checked="" type="checkbox"/>	1. رأي غير متحفظ
2. Qualified Opinion	<input type="checkbox"/>	2. رأي متحفظ
3. Disclaimer of Opinion	<input type="checkbox"/>	3. عدم إبداء الرأي
4. Adverse Opinion	<input type="checkbox"/>	4. رأي معاكس

In the event of selecting item No. 2, 3 or 4, the following table must be filled out, and this form is not considered complete unless it is filled.

بحال اختيار بند رقم 2 أو 3 أو 4 يجب تعبئة الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

NOT APPLICABLE	نص رأي مراقب الحسابات كما ورد في التقرير
NOT APPLICABLE	شرح تفصيلي بالحالة التي استدعت مراقب الحسابات لإبداء الرأي
NOT APPLICABLE	الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات
NOT APPLICABLE	الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات

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رأس المال المصدر والمدفوع - /238,245,453 د.ك.

سجل تجاري ٤٢٩

المقر الرئيسي: دروازة العبد الرزاق

ص.ب ٧١ الصفاة، ١٢١٦٨ الكويت

هاتف : 1802000 (+965) ، فاكس : 22461430 (+965)

سويقت كود : BKMEKWKW

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Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
NA	NA		توزيعات نقدية Cash Dividends
NA	NA		توزيعات أسهم منحة Bonus Share
NA	NA		توزيعات أخرى Other Dividend
NA	NA		عدم توزيع أرباح No Dividends
NA	NA	علاوة الإصدار Issue Premium	زيادة رأس المال Capital Increase
NA	NA		تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
		Amgad Younes Senior General Manager Head of Finance	

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رأس المال المصرح به - /٢٥٠,٠٠٠,٠٠٠ د.ك.
رأس المال المصدر والمدفوع ٢٣٨,٢٤٥,٤٥٣/٣٠٠ د.ك.
سجل تجاري ٤٢٩
المقر الرئيسي: دروازة العبد الرزاق
ص.ب ٧١ الصفاة، ١٢١٦٨ الكويت
هاتف: ١٨٠٢٠٠٠ (+٩٦٥)، فاكس: ٢٢٤٦١٤٣ (+٩٦٥)
سويفت كود: BKMEKWKW



AHLI UNITED BANK K.S.C.P.
KUWAIT

INTERIM CONDENSED FINANCIAL INFORMATION
31 MARCH 2022 (UNAUDITED)



ahli united bank

Ahli United Bank K.S.C.P.

Kuwait

Interim Condensed Financial Information

31 March 2022

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

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Ahli United Bank K.S.C.P. (the “Bank”) as at 31 March 2022, and the related interim condensed statement of profit or loss, interim condensed statement of comprehensive income, interim condensed statement of changes in equity and the interim condensed statement of cash flows for the three months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed 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 financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

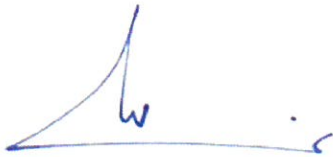
Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, during the three months period ended 31 March 2022 that might have had a material effect on the business of the Bank or on its financial position.

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

Report on other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No.32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, during the three months period ended 31 March 2022 that might have had a material effect on the business of the Bank or on its financial position.



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



BADER A. AL WAZZAN
LICENCE NO. 62 A
DELOITTE & TOUCHE
AL-WAZZAN & CO.

25 April 2022
Kuwait

Ahli United Bank K.S.C.P.

**Interim Condensed Statement of Profit or Loss
For the period ended 31 March 2022 (Unaudited)**

		<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2022</i>	<i>2021</i>
<i>Notes</i>		<i>KD'000</i>	<i>KD'000</i>
	Financing income	30,397	29,731
4	Distribution to depositors	(11,226)	(9,802)
	Net financing income	19,171	19,929
	Net fees and commission income	2,157	1,982
	Foreign exchange gains	1,537	557
	Net gain from investment securities	108	2,262
	Share of results from an associate	269	(184)
	Other income	72	-
	Total operating income	23,314	24,546
	Provision and impairment losses	(1,636)	(4,575)
	Operating income after provision and impairment losses	21,678	19,971
	Staff costs	(5,327)	(4,609)
	Depreciation	(1,095)	(1,010)
	Other operating expenses	(2,985)	(2,714)
	Total operating expenses	(9,407)	(8,333)
	PROFIT BEFORE TAXATION	12,271	11,638
	Taxation	(541)	(512)
	PROFIT FOR THE PERIOD	11,730	11,126
	BASIC AND DILUTED EARNINGS PER SHARE (EPS)	5.2	4.9

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

Ahli United Bank K.S.C.P.

**Interim Condensed Statement of Comprehensive Income
For the period ended 31 March 2022 (Unaudited)**

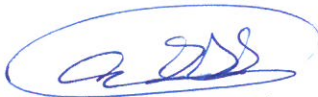
	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2022</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>
PROFIT FOR THE PERIOD	11,730	11,126
Other comprehensive (loss) income:		
<i>Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods:</i>		
Net movement in cumulative changes in fair values of equity instruments designated at FVOCI	<u>(5)</u>	<u>13</u>
Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods	(5)	13
Other comprehensive (loss) income for the period	(5)	13
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>11,725</u>	<u>11,139</u>

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

Ahli United Bank K.S.C.P.

**Interim Condensed Statement of Financial Position
As at 31 March 2022 (Unaudited)**

	Notes	(Audited)		
		31 March 2022 KD'000	31 December 2021 KD'000	31 March 2021 KD'000
ASSETS				
Cash and balances with banks	6	258,625	183,320	122,425
Deposits with the Central Bank of Kuwait		224,108	184,270	269,437
Deposits with other banks		409,591	383,094	337,946
Financing receivables	7	3,413,283	3,342,148	3,145,168
Investment securities		443,167	380,840	346,328
Investment in associate		8,381	8,070	7,583
Investment properties		19,906	19,919	18,353
Premises and equipment		40,245	39,310	40,487
Other assets		34,839	32,464	16,738
TOTAL ASSETS		4,852,145	4,573,435	4,304,465
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits from banks and other financial institutions		864,822	736,274	572,260
Deposits from customers		3,209,851	3,109,922	3,144,831
Repurchase agreements with banks	8	41,178	-	-
Other liabilities		76,914	79,584	73,032
		4,192,765	3,925,780	3,790,123
EQUITY				
Share capital	9	238,245	238,245	216,587
Reserves		284,432	272,707	281,072
		522,677	510,952	497,659
Treasury shares	9	(43,957)	(43,957)	(43,957)
Attributable to Bank's equity shareholders		478,720	466,995	453,702
Perpetual Tier 1 Sukuks	10	180,660	180,660	60,640
TOTAL EQUITY		659,380	647,655	514,342
TOTAL LIABILITIES AND EQUITY		4,852,145	4,573,435	4,304,465



Dr. Anwar Ali Al-Mudhaf
Chairman




Jihad Al-Humaidhi
Chief Executive Officer

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

Ahli United Bank K.S.C.P.
**Interim Condensed Statement of Changes in Equity
For the period ended 31 March 2022 (Unaudited)**

	Attributable to the Bank's equity shareholders											
	Share capital KD'000	Share premium in KD'000	Statutory reserve KD'000	General reserve KD'000	Retained earnings KD'000	Cumulative changes in fair values KD'000	Property revaluation reserve KD'000	Treasury shares reserve KD'000	Total reserves KD'000	Treasury shares KD'000	Perpetual Tier 1 Sukuks KD'000	Total Equity KD'000
Balance as at 1 January 2022	238,245	12,883	96,450	22,660	125,980	3,376	10,384	974	272,707	(43,957)	180,660	647,655
Profit for the period	-	-	-	-	11,730	-	-	-	11,730	-	-	11,730
Other comprehensive loss for the period	-	-	-	-	-	(5)	-	-	(5)	-	-	(5)
Total comprehensive income (loss) for the period	-	-	-	-	11,730	(5)	-	-	11,725	-	-	11,725
Balance as at 31 March 2022	238,245	12,883	96,450	22,660	137,710	3,371	10,384	974	284,432	(43,957)	180,660	659,380
Balance as at 1 January 2021	216,587	12,883	93,188	22,660	126,661	3,290	10,277	974	269,933	(43,957)	60,640	503,203
Profit for the period	-	-	-	-	11,126	-	-	-	11,126	-	-	11,126
Other comprehensive income for the period	-	-	-	-	-	13	-	-	13	-	-	13
Total comprehensive income for the period	-	-	-	-	11,126	13	-	-	11,139	-	-	11,139
Balance as at 31 March 2021	216,587	12,883	93,188	22,660	137,787	3,303	10,277	974	281,072	(43,957)	60,640	514,342

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

Ahli United Bank K.S.C.P.

**Interim Condensed Statement of Cash Flows
For the period ended 31 March 2022 (Unaudited)**

	Note	Three months ended 31 March	
		2022 KD'000	2021 KD'000
OPERATING ACTIVITIES			
Profit before taxation		12,271	11,638
<i>Adjustments to reconcile profit before taxation to net cash flows:</i>			
Net gain from investment securities		(108)	(2,262)
Amortisation		513	485
Share of results from an associate		(269)	184
Net (income) loss from investment properties		(70)	8
Depreciation of premises and equipment		1,095	1,010
Provision and impairment losses		1,636	4,575
		15,068	15,638
<i>Changes in operating assets and liabilities:</i>			
Deposits with the Central Bank of Kuwait		15,167	37
Deposits with other banks		(26,509)	(15,652)
Financing receivables		(70,212)	(36,071)
Other assets		3,369	80
Deposits from banks and other financial institutions		128,481	(199,795)
Deposits from customers		99,928	136,609
Repurchase agreements with banks		41,178	(7,585)
Other liabilities		(3,949)	(720)
Net cash flows from (used in) operating activities		202,521	(107,459)
INVESTING ACTIVITIES			
Purchase of investment securities		(87,692)	(66,898)
Sale and redemption of investment securities		15,838	107,781
Purchase of premises and equipment		(397)	(269)
Net income (loss) from investment properties		40	(8)
Net cash flows (used in) from investing activities		(72,211)	40,606
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		130,310	(66,853)
Cash and cash equivalents at 1 January		198,321	259,281
CASH AND CASH EQUIVALENTS AT 31 MARCH	6	328,631	192,428

Financing income received amounted to KD 30,458 thousand (31 March 2021: KD 30,484 thousand) and distribution to depositors made amounted to KD 14,571 thousand (31 March 2021: KD 10,691 thousand).

Ahli United Bank K.S.C.P.

Notes to the Interim Condensed Financial Information As at 31 March 2022 (Unaudited)

1 INCORPORATION AND ACTIVITIES

Ahli United Bank K.S.C.P. (the “Bank”) is a public shareholding company incorporated in Kuwait in 1971 and is listed on Boursa Kuwait since 1985. It is engaged in carrying out banking activities in accordance with Islamic Sharia’a and is regulated by the Central Bank of Kuwait (“CBK”). Its registered office is at Darwazat Al-Abdul Razzak, P. O. Box 71, Safat 12168, Kuwait.

The Bank commenced operations as an Islamic bank from 1 April 2010. Effective from that date, all activities are conducted in accordance with Islamic Sharia’a, as approved by the Bank’s Fatwa and Sharia’a Supervisory Board. The Bank is a subsidiary of Ahli United Bank B.S.C., a Bahraini bank (the “Parent”), listed on the Bahrain Stock Exchange and Boursa Kuwait.

The interim condensed financial information of the Bank for the period ended 31 March 2022 was authorised for issue in accordance with a resolution of the Board of Directors on 07 April 2022.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial information of the Bank has been prepared in accordance with International Accounting Standard (“IAS”) 34: Interim Financial Reporting, except for point (a) below.

- a) The financial information have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) with the following amendments:
 - (i) Expected credit loss (“ECL”) to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures; and
 - (ii) Modification losses on financial assets, arising from payment holidays to customers extended during the financial year ended 31 December 2020 as a result of Covid-19, to be recognised in retained earnings as required by the CBK circular no. 2/BS/IBS/461/2020 instead of profit or loss in accordance with IFRS 9. However, modification losses on financial assets, arising from any other payment holidays to customers including payment holidays extended during the year ended 31 December 2021 in response to Covid-19 shall be recognized in the statement of profit or loss. The application of the policy results in application of different accounting presentation for modification losses in 2020 compared to other periods.

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

The interim condensed 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 Bank’s annual financial statements for the year ended 31 December 2021. Further, results for the period ended 31 March 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE BANK

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

Ahli United Bank K.S.C.P.

**Notes to the Interim Condensed Financial Information
As at 31 March 2022 (Unaudited)**

**3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE BANK
(CONTINUED)**

The key changes to the Bank's accounting policies resulting from its adoption of new standards are summarised below:

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no material impact on the interim condensed financial information of the Bank as there were no significant modifications of the Bank's financial instruments during the period.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments had no material impact on the interim condensed financial information of the Bank as there were no significant modifications of the Bank's financial instruments during the period.

Other 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 Bank.

4 DISTRIBUTION TO DEPOSITORS

The Board of Directors of the Bank determines and distributes the depositors' share of profit based on the Bank's results at the end of each quarter.

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for periods presented in the interim condensed statement of profit or loss are calculated as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<u>2022</u>	<u>2021</u>
Profit for the period (KD'000)	<u>11,730</u>	<u>11,126</u>
Weighted average number of shares outstanding during the period adjusted for bonus shares	<u>2,252,286,283</u>	<u>2,252,286,283</u>
Basic and diluted earnings per share attributable to the Bank's equity shareholders (fils)	<u>5.2</u>	<u>4.9</u>

Earnings per share for the three months ended 31 March 2021 was 5.7 fils before retroactive adjustment to the number of shares following the bonus issue for the year ended 31 December 2021 and 31 December 2020 as approved by the shareholders' annual general assembly meetings (AGM) held on 07 April 2022 and 20 April 2021 respectively (Note 9).

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the interim condensed statement of cash flows consists of the following:

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2022</i>	<i>31 December</i>	<i>2021</i>
	<i>KD'000</i>	<i>KD'000</i>	<i>KD'000</i>
Cash and balances with banks	<u>258,625</u>	<u>183,320</u>	<u>122,425</u>
Deposits with Central banks and other banks - with an original maturity of seven days or less	<u>70,006</u>	<u>15,001</u>	<u>70,003</u>
	<u>328,631</u>	<u>198,321</u>	<u>192,428</u>

Ahli United Bank K.S.C.P.

**Notes to the Interim Condensed Financial Information
As at 31 March 2022 (Unaudited)**

7 FINANCING RECEIVABLES

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD' 000</i>	<i>KD' 000</i>	<i>KD' 000</i>
Financing receivables	3,533,725	3,456,486	3,285,405
Less: Provision for impairment	(120,442)	(114,338)	(140,237)
	<u>3,413,283</u>	<u>3,342,148</u>	<u>3,145,168</u>

The total ECL provision determined under IFRS 9 guidelines issued by the CBK for credit facilities as of 31 March 2022 is KD 79,627 thousand (31 December 2021: KD 79,233 thousand and 31 March 2021: KD 89,323 thousands), which is lower than the provision for credit losses calculated and booked in accordance with CBK instructions amounting to KD 127,716 thousands (31 December 2021: KD 121,625 thousands and 31 March 2021: KD 148,266 thousands). The available provision on non-cash facilities as on 31 March 2022 is KD 7,274 thousands (31 December 2021: KD 7,287 thousands and 31 March 2021 KD 8,029 thousands).

An analysis of the carrying amounts of credit facilities, based on the staging criteria under IFRS 9 in accordance with CBK regulations is presented in the table below:

	<i>As at 31 March 2022</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Financing receivables				
High	2,409,081	34,090	-	2,443,171
Standard	917,816	82,209	-	1,000,025
Past due or impaired	9,382	12,459	68,688	90,529
	<u>3,336,279</u>	<u>128,758</u>	<u>68,688</u>	<u>3,533,725</u>
Contingent liabilities				
High	319,452	10	-	319,462
Standard	175,654	22,346	-	198,000
Past due or impaired	-	-	2,991	2,991
	<u>495,106</u>	<u>22,356</u>	<u>2,991</u>	<u>520,453</u>
	<i>As at 31 December 2021</i>			
	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Financing receivables				
High	2,310,874	39,895	-	2,350,769
Standard	921,352	104,032	-	1,025,384
Past due or impaired	9,528	3,766	67,039	80,333
	<u>3,241,754</u>	<u>147,693</u>	<u>67,039</u>	<u>3,456,486</u>
Contingent liabilities				
High	303,051	10	-	303,061
Standard	196,906	20,729	-	217,635
Past due or impaired	-	-	3,008	3,008
	<u>499,957</u>	<u>20,739</u>	<u>3,008</u>	<u>523,704</u>

Ahli United Bank K.S.C.P.

**Notes to the Interim Condensed Financial Information
As at 31 March 2022 (Unaudited)**

7 FINANCING RECEIVABLES (CONTINUED)

	<i>As at 31 March 2021</i>			
	<i>Stage 1 KD 000's</i>	<i>Stage 2 KD 000's</i>	<i>Stage 3 KD 000's</i>	<i>Total KD 000's</i>
Financing receivables				
High	2,185,530	42,921	-	2,228,451
Standard	852,520	116,420	-	968,940
Past due or impaired	10,142	9,168	68,704	88,014
	<u>3,048,192</u>	<u>168,509</u>	<u>68,704</u>	<u>3,285,405</u>
Contingent liabilities				
High	285,508	10	-	285,518
Standard	192,642	21,762	-	214,404
Past due or impaired	-	-	4,116	4,116
	<u>478,150</u>	<u>21,772</u>	<u>4,116</u>	<u>504,038</u>

An analysis of the changes in the Expected Credit Losses in relation to credit facilities computed under IFRS 9 in accordance with the CBK guidelines is presented in the table below:

31 March 2022	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
At 1 January 2022	23,887	13,762	41,584	79,233
Impact due to transfer between stages	19	(226)	207	-
Additional ECL for the period	333	(1,446)	1,513	400
Amounts written-off	-	-	(6)	(6)
As at 31 March 2022	<u>24,239</u>	<u>12,090</u>	<u>43,298</u>	<u>79,627</u>
31 December 2021	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
At 1 January 2021	13,790	28,057	46,565	88,412
Impact due to transfer between stages	691	(1,378)	687	-
Additional ECL for the year	9,422	(12,716)	44,363	41,069
Amounts written-off	(16)	(201)	(50,031)	(50,248)
At 31 December 2021	<u>23,887</u>	<u>13,762</u>	<u>41,584</u>	<u>79,233</u>
31 March 2021	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
At 1 January 2021	13,790	28,057	46,565	88,412
Impact due to transfer between stages	390	(828)	438	-
Additional ECL for the period	481	(2,845)	3,476	1,112
Amounts written-off	-	(197)	(4)	(201)
At 31 March 2021	<u>14,661</u>	<u>24,187</u>	<u>50,475</u>	<u>89,323</u>

8 REPURCHASE AGREEMENTS WITH BANKS

During the period, the Bank has entered into repurchase agreements KD 41,178 thousand, with a bank (31 December 2021: Nil and 31 March 2021: Nil), and the fair value of investment securities that had been provided as collateral is KD 44,658 thousand. (31 December 2021: Nil and 31 March 2021: Nil).

Ahli United Bank K.S.C.P.

Notes to the Interim Condensed Financial Information As at 31 March 2022 (Unaudited)

9 EQUITY

- a) The audited financial statements of the Bank for the year ended 31 December 2021 and the Bank's Board of Director's proposal for a cash dividend of 5 fils per share and issuance of bonus shares of 5% for the year ended 31 December 2021 have been approved by the shareholders at the Bank's AGM, held on 07 April 2022.

The shareholders at the AGM held on 20 April 2021, approved the audited financial statements of the Bank for the year ended 31 December 2020 and issuance of bonus shares of 10%.

- b) Treasury shares

	<i>31 March</i> 2022	<i>(Audited)</i> <i>31 December</i> 2021	<i>31 March</i> 2021
Number of treasury shares	237,419,977	237,419,977	215,836,343
Treasury shares as a percentage of total shares issued	9.97%	9.97%	9.97%
Cost of treasury shares (KD' 000)	43,957	43,957	43,957
Market value of treasury shares (KD' 000)	77,161	73,363	66,478
Weighted average market value per treasury share (fils)	319	306	300

Amount equivalent to cost of treasury shares has been retained out of reserves as non-distributable throughout the holding period of the treasury shares.

10 PERPETUAL TIER 1 SUKUKS

The Bank, through a Sharia'a compliant Sukuk arrangement, issued "Tier 1 Sukuk – 2016" Capital Certificates amounting to USD 200 million in October 2016, and "Tier 1 Sukuk – 2021" Capital Certificates amounting to USD 600 million in June 2021 (together "Tier 1 Sukuks"). Tier 1 Sukuks are perpetual securities in respect of which there are no fixed redemption dates and constitute direct, unsecured, deeply subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The Tier 1 Sukuks are listed on the Euronext Dublin and NASDAQ Dubai.

Tier 1 Sukuk - 2016 had a profit rate of 5.5% per annum, which were paid semi-annually in arrears subject to terms of the issue. In June 2021, the Bank announced a tender offer to the holders of the outstanding Tier 1 Sukuk- 2016 under the terms of the Tender Offer Memorandum and the Bank fully settled the accepted validly tendered Capital Certificates amounting to USD 39,185 thousands. Subsequently, in October 2021 (the "First Call Date"), the Bank redeemed all of the remaining outstanding certificates at their face amount of USD 160,815 thousands together with accrued and unpaid periodic profit distribution amounts.

Tier 1 Sukuk - 2021 bears a profit rate of 3.875% per annum to be paid semi-annually in arrears until the First Reset Date (5.5 years from the issue date) subject to terms of the issue. After that, the expected profit rate will be reset every fifth anniversary based on the then prevailing 5 years U.S Mid Swap Rate plus an initial margin of 3.011 % per annum. The First Call Date of Tier 1 Sukuk -2021 is after 5 years of the issuance date (June 2026). Tier 1 Sukuk – 2021 is callable by the Bank any day falling in the period commencing on (and including) the First Call Date and ending on (and including) the First Reset Date or on any profit payment date thereafter subject to certain redemption conditions including prior CBK approval.

The net proceeds of Tier 1 Sukuks are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted basis and the Bank's general business activities are carried out through the general assets pool.

At the Issuer's sole discretion, it may elect not to make any Mudaraba distributions and, in such event, the Mudaraba profit will not be accumulated and the event is not considered an event of default.

Ahli United Bank K.S.C.P.

**Notes to the Interim Condensed Financial Information
As at 31 March 2022 (Unaudited)**

11 TRANSACTIONS WITH RELATED PARTIES

The Bank enters into transactions with the parent, subsidiaries, associates, major shareholders, directors and key management, close members of their families and entities controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business. The terms of these transactions are approved by the Bank's management.

The related party balances in the interim condensed financial information are as follows:

	<i>Number of Board members or executive officers</i>	<i>Number of related parties</i>	<i>Parent KD'000</i>	<i>Others KD'000</i>	<i>Total KD'000</i>
<i>As at 31 March 2022</i>					
Financing receivables	-	8	-	28,487	28,487
Deposits with other banks	-	4	98,755	243	98,998
Other assets	-	2	6,444	145	6,589
Deposits from banks and financial institutions	-	10	41,111	11,944	53,055
Deposits from customers	28	36	-	22,204	22,204
Other liabilities	-	2	973	303	1,276
Commitments and contingent liabilities	-	7	15,472	20,379	35,851
Islamic Forward Agreements (Notional amount)	-	1	10,192	-	10,192
Profit rate swaps (Notional amount)	-	1	191,823	-	191,823
<i>(Audited)</i>					
<i>As at 31 December 2021</i>					
Financing receivables	-	9	-	35,620	35,620
Deposits with other banks	-	5	109,160	15,393	124,553
Other assets	-	1	762	-	762
Deposits from banks and financial institutions	-	10	24,651	10,917	35,568
Deposits from customers	22	36	-	20,012	20,012
Other liabilities	-	2	4,363	158	4,521
Commitments and contingent liabilities	-	7	15,029	19,394	34,423
Islamic Forward Agreements (Notional amount)	-	1	9,626	-	9,626
Profit rate swaps (Notional amount)	-	1	188,852	-	188,852
<i>As at 31 March 2021</i>					
Financing receivables	-	6	-	23,058	23,058
Deposits with other banks	-	5	121,254	3,255	124,509
Other assets	-	1	337	-	337
Deposits from banks and financial institutions	-	9	23,328	11,785	35,113
Deposits from customers	17	20	-	17,296	17,296
Other liabilities	-	2	7,436	263	7,699
Commitments and contingent liabilities	-	6	15,535	20,448	35,983
Islamic Forward Agreements (Notional amount)	-	1	7,423	-	7,423
Profit rate swaps (Notional amount)	-	1	180,815	-	180,815

Ahli United Bank K.S.C.P.

**Notes to the Interim Condensed Financial Information
As at 31 March 2022 (Unaudited)**

11 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Transactions with related parties included in the interim condensed financial information are as follows:

	<i>Parent</i> <i>KD'000</i>	<i>Others</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
Transactions			
<i>Three months ended 31 March 2022</i>			
Financing income	239	237	476
Net payments against profit rate swaps	707	-	707
Distribution to depositors	39	68	107
Insurance expenses	-	599	599
Other operating expenses	-	75	75
	<i>Parent</i> <i>KD'000</i>	<i>Others</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
<i>Three months ended 31 March 2021</i>			
Financing income	300	172	472
Net payments against profit rate swaps	932	-	932
Distribution to depositors	45	488	533
Insurance expenses	-	517	517
Other operating expenses	-	72	72

12 COMMITMENTS AND CONTINGENT LIABILITIES

a) Financial instruments with contractual amounts representing credit risk:

	<i>31 March</i> <i>2022</i> <i>KD'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD'000</i>	<i>31 March</i> <i>2021</i> <i>KD'000</i>
Acceptances	51,808	37,759	32,962
Letters of credit	62,421	72,729	55,937
Guarantees	405,451	411,110	413,406
	<u>519,680</u>	<u>521,598</u>	<u>502,305</u>

Irrevocable credit commitments to extend credit as at the statement of financial position date amounted to KD 773 thousand (31 December 2021: KD 2,106 thousand and 31 March 2021: KD 1,733 thousand).

b) The capital commitment for purchase of assets as at 31 March 2022 is KD 500 thousand (31 December 2021: KD 324 thousand and 31 March 2021: KD 651 thousand).

13 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Islamic forward agreements (Waad)

In the ordinary course of business, the Bank enters into various types of transactions that involve financial instruments represented in forward foreign exchange agreements (Waad) to mitigate foreign currency risk. A Waad is a financial transaction between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index in accordance with Islamic Sharia'a.

The notional amount, disclosed gross, is the amount of a Waad's underlying asset/liability and is the basis upon which changes in the value are measured.

The notional amounts indicate the volume of transactions outstanding at the period-end and are neither indicative of the market risk nor credit risk.

Profit rate swaps (PRS)

Profit rate swaps are contractual agreements between two parties and may involve exchange of profit or exchange of both principal and profit for a fixed period of time based on contractual terms.

The notional amounts indicate the volume of transactions outstanding at the period-end and are neither indicative of the market risk nor credit risk.

Ahli United Bank K.S.C.P.

Notes to the Interim Condensed Financial Information As at 31 March 2022 (Unaudited)

13 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONTINUED)

The fair value of derivative financial instruments included in the financial records, together with their notional amounts is summarised as follows:

	31 March 2022			(Audited) 31 December 2021			31 March 2021		
	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value	Notional
	KD' 000	KD' 000	KD' 000	KD' 000	KD' 000	KD' 000	KD' 000	KD' 000	KD' 000
Waad	343	329	20,404	196	181	19,265	134	131	14,844
Profit rate swaps (held as fair value hedge)	6,437	651	191,823	761	4,185	188,852	216	7,909	180,815
	6,780	980	212,227	957	4,366	208,117	350	8,040	195,659

All derivative contracts are fair valued based on observable market inputs and are classified as Level 2.

Fair value hedges

The net fair value of Profit rate swaps held as fair value hedges as at 31 March 2022 is positive KD 5,786 thousand (31 December 2021: negative KD 3,424 thousand and 31 March 2021: negative KD 7,693 thousand) which is offset by loss recognised on the hedged items at 31 March 2022, attributable to the hedged risk KD 5,786 thousand (31 December 2021: gain of KD 3,424 thousands and 31 March 2021: gain of KD 7,693 thousand). These offsetting gains and losses are included in 'Net gain from investment securities' in the interim condensed statement of profit or loss for the period ended 31 March 2022.

Hedging instruments are issued to hedge against profit rate risk pertaining to hedged items. Hedged items include certain investment securities at amortized cost amounting to KD 233,938 thousand (31 December 2021: KD 230,478 thousand and 31 March 2021: KD 238,967 thousand).

14 SEGMENT INFORMATION

The Bank's operating segments are determined based on the reports reviewed by the Chief Operating decision maker that are used for strategic decisions. These segments are strategic business units having similar economic characteristics that offer different products and services. These operating segments are monitored separately by the Bank for the purpose of making decisions about resource allocation and performance assessment.

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

- ▶ Retail and Commercial Banking – comprising a full range of banking operations covering credit and deposit services provided to customers and correspondent banking. The Bank uses a common marketing and distribution strategy for its commercial banking operations.
- ▶ Treasury and Investment Management – comprising clearing, money market, foreign exchange, sukuk, other treasury and miscellaneous operations, proprietary investment, securities trading activities and fiduciary fund management activities.

Segment results include revenue and expenses directly attributable to a segment and an allocation of overhead cost.

The Bank measures the performance of operating segments through segment profit or loss net of taxes in management and reporting systems.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment.

Ahli United Bank K.S.C.P.

**Notes to the Interim Condensed Financial Information
As at 31 March 2022 (Unaudited)**

14 SEGMENT INFORMATION (CONTINUED)

Segment information for the three-month periods ended 31 March 2022 and 31 March 2021 are as follows:

	<i>Retail and Commercial Banking</i>		<i>Treasury and Investment Management</i>		<i>Total</i>	
	<i>2022 KD'000</i>	<i>2021 KD'000</i>	<i>2022 KD'000</i>	<i>2021 KD'000</i>	<i>2022 KD'000</i>	<i>2021 KD'000</i>
Net financing income	11,911	13,300	7,260	6,629	19,171	19,929
Fees, commissions and others	2,212	2,025	1,931	2,592	4,143	4,617
Total operating income	14,123	15,325	9,191	9,221	23,314	24,546
Provision and impairment losses	1,231	(4,588)	(2,867)	13	(1,636)	(4,575)
Operating expenses and taxation	(8,127)	(7,218)	(1,821)	(1,627)	(9,948)	(8,845)
Segment result	7,227	3,519	4,503	7,607	11,730	11,126
			<i>Retail and Commercial Banking KD'000</i>	<i>Treasury and Investment Management KD'000</i>	<i>Total KD'000</i>	
<i>As at 31 March 2022</i>						
Segment assets			3,462,518	1,389,627	4,852,145	
Segment liabilities			2,852,406	1,340,359	4,192,765	
<i>As at 31 December 2021 (Audited)</i>						
Segment assets			3,391,363	1,182,072	4,573,435	
Segment liabilities			2,671,242	1,254,538	3,925,780	
<i>As at 31 March 2021</i>						
Segment assets			3,219,576	1,084,889	4,304,465	
Segment liabilities			2,629,255	1,160,868	3,790,123	

15 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Bank's financial instruments:

Fair value measurement hierarchy for assets and liabilities is as follows:

	<i>Level 2 KD'000</i>	<i>Level 3 KD'000</i>	<i>Total KD'000</i>
<i>31 March 2022</i>			
Assets measured at fair value			
Financial assets			
Investment securities	678	4,429	5,107
Derivative financial instruments			
Waad	343	-	343
Profit rate swap	6,437	-	6,437
	7,458	4,429	11,887
Liabilities measured at fair value			
Derivative financial instruments			
Waad	329	-	329
Profit rate swap	651	-	651
	980	-	980

Ahli United Bank K.S.C.P.

**Notes to the Interim Condensed Financial Information
As at 31 March 2022 (Unaudited)**

15 FAIR VALUE MEASUREMENT (CONTINUED)

	<i>Level 2</i> <i>KD 000</i>	<i>Level 3</i> <i>KD 000</i>	<i>Total</i> <i>KD 000</i>	
<i>31 December 2021 (Audited)</i>				
Assets measured at fair value				
Financial assets				
Investment securities	677	4,429	5,106	
Derivative financial instrument				
Waad	196	-	196	
Profit rate swap	761	-	761	
	957	-	957	
	<u>1,634</u>	<u>4,429</u>	<u>6,063</u>	
Liabilities measured at fair value				
Derivative financial instrument				
Waad	181	-	181	
Profit rate swap	4,185	-	4,185	
	<u>4,366</u>	<u>-</u>	<u>4,366</u>	
	<i>Level 1</i> <i>KD'000</i>	<i>Level 2</i> <i>KD'000</i>	<i>Level 3</i> <i>KD'000</i>	<i>Total</i> <i>KD'000</i>
<i>31 March 2021</i>				
Assets measured at fair value				
Financial assets				
Investment securities	13	1,348	4,224	5,585
Liabilities measured at fair value				
Derivative financial instrument				
Waad	-	134	-	134
Profit rate swap	-	216	-	216
	-	350	-	350
	<u>13</u>	<u>1,698</u>	<u>4,224</u>	<u>5,935</u>
Liabilities measured at fair value				
Derivative financial instruments				
Waad	-	131	-	131
Profit rate swap	-	7,909	-	7,909
	-	<u>8,040</u>	<u>-</u>	<u>8,040</u>

The fair values of the other financial liabilities are not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments 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.

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

Sensitivity analysis on fair value estimation, by varying input assumptions by a reasonable margin, did not indicate any material impacts on statement of financial position or statement of income.

Ahli United Bank K.S.C.P.

Notes to the Interim Condensed Financial Information As at 31 March 2022 (Unaudited)

16 IMPACT OF COVID-19 OUTBREAK

The Bank considered the potential impact of the uncertainties caused by the COVID-19 pandemic together with the associated economic support and relief measures of government and central bank in its estimation of ECL requirements for the period ended 31 March 2022.

Significant increase in credit risk

The Bank considered the following aspects to assess if there was significant increase in credit risk or objective evidence of impairment in the light of COVID-19 situation.

- ▶ Temporary financial difficulties of the customers are distinguished from longer-term or permanent impact
- ▶ Customers operating in certain sectors or industries are likely to be more severely impacted
- ▶ Deferral of instalments or profit payments on financing facilities will not automatically trigger significant increase in credit risk
- ▶ Retail facilities to certain customer segment are more likely to have significant increase in credit risk arising from job losses and pay cuts
- ▶ Significant corporate exposures are individually assessed to identify significant increase in credit risk as and when reliable data is available

The above assessment has resulted in staging downgrade of certain exposures and corresponding increase in ECL.

Macro-economic factors

The Bank considered the volatility witnessed in the range of macroeconomic factors and in the scenarios used for determination of ECL. In particular, given the continuing uncertainty stemming from fast evolving Covid-19, the Bank revised certain assumptions reflected through constructing a plausible forward-looking view of the macroeconomic environment. The Bank applies a high probability weightage to the severe scenario combined with the revised forecasts of macro-economic factors which are considered on a very conservative basis. These adjustments were considered in the amount of ECL requirements for the period ended 31 March 2022.

Notwithstanding the above, ECL requirement for financing receivables estimated as at 31 March 2022 continues to be lower than the provisions required as per the CBK instructions. In accordance with the Bank's accounting policy, the higher amount, being the provision required as per the CBK instructions, is therefore recognised as the provision requirement for credit losses on financing receivables.

Other impacts

The Bank considered the potential impact of the current economic volatility on the reported amounts of the Bank's financial and non-financial assets. The reported amounts best represent management's assessment based on observable information. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Bank will accordingly continue to reassess its position and the related impact on a regular basis.

إدارة الرقابة المكتبية
Off-Site Supervision Dept.

بنك الكويت المركزي
CENTRAL BANK OF KUWAIT



الإشارة : /105/2
Ref. :

التاريخ : 24 رمضان 1443
الموافق : 25 أبريل 2022
Date :

المحترمة
الفاضلة الرئيس التنفيذي
البنك الأهلي المتحد

تحية طيبة وبعد ،

بالإشارة إلى كتاب مصرفكم المؤرخ 2022/4/10 والمرفق به البيانات المالية
المرحلية لمصرفكم عن الفترة من 2022/1/1 حتى 2022/3/31. وعظفاً على
الإيضاحات والبيانات التفصيلية الواردة إلينا في هذا الشأن والتي كان آخرها بتاريخ
2022/4/20.

نفيدكم بأن بنك الكويت المركزي قد أحيط علماً بما جاء في البيانات المشار إليها.
وعليه فإنه يمكنكم اتخاذ كافة الإجراءات الضرورية المتبعة في مثل هذا الخصوص.

مع أطيب التحيات.


د. محمد بدر الخميس
مدير إدارة الرقابة المكتبية