

United Gulf Bank B.S.C. (c)
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 March 2023 (REVIEWED)

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

We have reviewed the accompanying interim condensed consolidated financial statements of United Gulf Bank B.S.C. (c) (the "Bank") and its subsidiaries (together, the "Group") as at 31 March 2023, comprising of the interim consolidated statement of financial position as at 31 March 2023 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended and explanatory notes. The Board of Directors of the Bank is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



11 May 2023
Manama, Kingdom of Bahrain

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023 (Reviewed)

		Reviewed	Audited	Reviewed
		31 March	31 December	31 March
		2023	2022	2022
	<i>Note</i>	US\$ 000	US\$ 000	US\$ 000
ASSETS				
Demand and call deposits with banks	4	88,825	102,969	88,421
Placements with banks	4	84,955	96,465	57,589
Investments carried at fair value through profit or loss		85,691	88,064	111,223
Investments carried at fair value through other comprehensive income		107,201	104,021	105,907
Investments carried at amortised cost		24,552	25,036	25,134
Loans and receivables		22,172	21,690	28,653
Other assets		40,387	46,922	55,915
Investment in associates		82,930	87,050	91,056
Investment properties		99,853	99,962	100,184
Property and equipment		15,813	15,846	14,683
Goodwill and other intangible assets		63,181	63,556	64,965
Assets held for sale	14	27,300	2,306	-
TOTAL ASSETS		742,860	753,887	743,730
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		133,700	138,878	144,309
Deposits from customers		17,541	20,772	32,289
Long term loans		61,305	61,324	16,471
Long term bonds	6	130,442	130,595	131,765
Other liabilities		80,809	80,741	89,442
Total liabilities		423,797	432,310	414,276
Equity				
Share capital	7	116,132	116,132	116,132
Share premium		5,687	5,687	5,687
Statutory reserve		54,034	54,034	53,519
General reserve		33,765	33,765	33,250
Fair value reserve		(5,207)	(7,586)	(11,998)
Foreign currency translation reserve		(5,427)	(5,379)	(4,858)
(Accumulated deficit) retained earnings		(8,985)	(1,425)	6,868
Equity attributable to shareholders of the Parent		189,999	195,228	198,600
Perpetual Additional Tier 1 Capital	8	33,000	33,000	33,000
Non-controlling interests		96,064	93,349	97,854
Total equity		319,063	321,577	329,454
TOTAL LIABILITIES AND EQUITY		742,860	753,887	743,730

Masaud Hayat
Chairman

Faisal Al Ayyar
Vice Chairman

Hussain Lalani
Chief Executive Officer

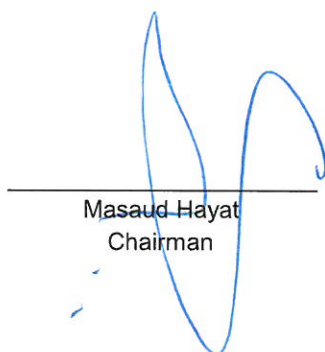
The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2023 (Reviewed)

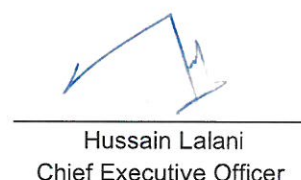
	Note	Three-month period ended 31 March	
		2023 US\$ 000	2022 US\$ 000
Interest income		2,681	1,726
Investment (loss) income - net		(728)	8,694
		1,953	10,420
Fees and commission income - net		11,036	16,246
Foreign exchange gain (losses) - net		238	(1,085)
Share of results of associates		(3,410)	8,312
Total income		9,817	33,893
Interest expense		(5,228)	(3,475)
Operating income before expenses and expected credit losses		4,589	30,418
Salaries and benefits		(8,186)	(13,532)
General and administrative expenses		(5,243)	(5,320)
Operating (loss) income before expected credit losses		(8,840)	11,566
Expected credit losses - net	5	(642)	(298)
(Loss) Profit before tax		(9,482)	11,268
Tax expense		(81)	(3)
Net (loss) profit for the period		(9,563)	11,265
Net (loss) profit attributable to non-controlling interests		(1,992)	4,723
Net (loss) profit attributable to shareholders of the Parent		(7,571)	6,542



Masaud Hayat
Chairman



Faisal Al Ayyar
Vice Chairman



Hussain Lalani
Chief Executive Officer

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2023 (Reviewed)

	<i>Three-month period ended 31 March</i>	
	2023	2022
	US\$ 000	US\$ 000
Net (loss) profit for the period	(9,563)	11,265
Other Comprehensive Income (OCI)		
<i>Items that may be reclassified to profit or loss in subsequent periods</i>		
Foreign currency translation reserve	(186)	(719)
Net changes in fair value reserves of financial instruments measured at fair value through OCI	(804)	115
Net change in cashflow hedges	(181)	-
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Fair value changes of equity investments carried at fair value through other comprehensive income	3,166	2,087
Other comprehensive income for the period	1,995	1,483
Total comprehensive (loss) income for the period	(7,568)	12,748
Total comprehensive (loss) income attributable to:		
- Shareholders of the Parent	(5,229)	7,800
- Non-controlling interests	(2,339)	4,948
	(7,568)	12,748

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2023 (Reviewed)

		Three-month period ended 31 March	
		2023 US\$ 000	2022 US\$ 000
	Note		
OPERATING ACTIVITIES			
Net (loss) profit before tax		(9,482)	11,268
Adjustments for non-cash items:			
Interest expense		5,228	3,475
Depreciation and amortisation		693	622
Interest income		(2,681)	(1,726)
Loss (gain) on investments carried at fair value through profit or loss		2,174	(7,641)
Share of results of associates		3,410	(8,312)
Allowance for expected credit losses - net	5	642	298
Operating loss before working capital changes		(16)	(2,016)
Changes in operating assets and liabilities:			
Placements with banks		5,242	(9,059)
Investments carried at fair value through profit or loss		199	(10,377)
Investments carried at fair value through OCI		(64)	725
Investments carried at amortised cost		485	38
Loans and receivables		(501)	4,935
Other assets		5,494	(1,675)
Due to banks and other financial institutions		(5,178)	(5,292)
Deposits from customers		(3,230)	(37,888)
Other liabilities		(335)	5,640
Interest received		2,835	1,747
Interest paid		(4,381)	(3,203)
Directors' remuneration paid		(245)	(260)
Donations paid		(200)	(200)
Net cash flows from (used in) operating activities		105	(56,885)
INVESTING ACTIVITIES			
Investments in associates - net		154	(307)
Property and equipment - net		(660)	(525)
Acquisition of non-current assets classified as held for sale	14	(24,994)	-
Net cash flows used in investing activities		(25,500)	(832)
FINANCING ACTIVITIES			
Movement in non-controlling interests		5,054	4
Cash flows from financing activities		5,054	4
NET CHANGE IN CASH AND CASH EQUIVALENTS		(20,341)	(57,713)
Foreign currency translation adjustments		(71)	(337)
Cash and cash equivalents at 1 January		184,906	191,083
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	164,494	133,033

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2023 (Reviewed)

	Attributable to shareholders of the Parent								Perpetual	Non-	Total
	Share	Share	Statutory	General	Fair	Foreign	(Accumulated		Additional	controlling	equity
	capital	premium	reserve	reserve	value	currency	deficit)		Tier 1	interests	
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	translation	Retained	Total	Capital	US\$ 000	US\$ 000
					reserve	reserve	earnings	US\$ 000	US\$ 000		US\$ 000
Balance at 1 January 2023	116,132	5,687	54,034	33,765	(7,586)	(5,379)	(1,425)	195,228	33,000	93,349	321,577
Net loss for the period	-	-	-	-	-	-	(7,571)	(7,571)	-	(1,992)	(9,563)
Other comprehensive income (loss)	-	-	-	-	2,390	(48)	-	2,342	-	(347)	1,995
Total comprehensive income (loss) for the period	-	-	-	-	2,390	(48)	(7,571)	(5,229)	-	(2,339)	(7,568)
Transfer upon disposal of equity investments carried at fair value through OCI	-	-	-	-	(11)	-	11	-	-	-	-
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	5,054	5,054
Balance at 31 March 2023	116,132	5,687	54,034	33,765	(5,207)	(5,427)	(8,985)	189,999	33,000	96,064	319,063
Balance at 1 January 2022	116,132	5,687	53,519	33,250	(13,477)	(4,572)	261	190,800	33,000	92,902	316,702
Net profit for the period	-	-	-	-	-	-	6,542	6,542	-	4,723	11,265
Other comprehensive income (loss)	-	-	-	-	1,544	(286)	-	1,258	-	225	1,483
Total comprehensive income (loss) for the period	-	-	-	-	1,544	(286)	6,542	7,800	-	4,948	12,748
Transfer upon disposal of equity investments carried at fair value through OCI	-	-	-	-	(65)	-	65	-	-	-	-
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	4	4
Balance at 31 March 2022	116,132	5,687	53,519	33,250	(11,998)	(4,858)	6,868	198,600	33,000	97,854	329,454

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

1 CORPORATE INFORMATION

1.1 Incorporation

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

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

1.2 Activities

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

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

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 11 May 2023.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with IAS 34 - Interim Financial Reporting. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Board of Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

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

2.2 Significant accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except for the adoption of new and amended standards and interpretations effective as of 1 January 2023 as stated in note 2.3. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

As at 31 March 2023 (Reviewed)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 New standards, interpretations and amendments adopted by the Group

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

2.3.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

2.3.2 Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

2.3.3 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

2.3.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

3 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements include the interim condensed financial statements of the Bank and its subsidiaries as at and for the three-month period ended 31 March 2023. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The basis of consolidation used in these interim condensed consolidated financial statements of the Group is consistent to the basis of consolidation used and disclosed in the annual consolidated financial statements of the Group for the year ended 31 December 2022.

The principal subsidiaries of the Bank are as follows:

Name of the subsidiary	Country of incorporation	Ownership		Year of incorporation
		31 March 2023	31 December 2022	
Held directly				
KAMCO Investment Company K.S.C.P. [KAMCO]	Kuwait	60%	60%	1998
United Gulf Realty International, Ltd [UGRIL]	The British Virgin Islands	50%	50%	2012
Held through KAMCO				
1925 Investor Inc.	Jersey	100%	100%	2022
Al Jazi Money Market Fund	Kuwait	51%	51%	2007
Al Tadamun United Holding Company K.S.C.	Kuwait	96%	96%	2017
American Boulevard Investor, Inc	U.S.A.	100%	100%	2022
Bukeye Power Advisory Company L.L.C.	U.S.A.	48%	48%	2017
Bukeye Power Manager Limited	Jersey	100%	100%	2017
Centerstone Investor Inc.	U.S.A.	100%	100%	2021
First Securities Brokerage Company K.S.C.	Kuwait	93%	93%	1985
KAMCO Investment Company DIFC Limited	U.A.E.	100%	100%	2013
KAMCO Investment Company Saudi	Saudi Arabia	100%	100%	2013
Kamco GCC Opportunistic Fund	Kuwait	59%	91%	2013
KAMCO MENA Plus Fixed Income Fund OEIC Ltd	U.A.E.	55%	56%	2019
Kubbar United Real Estate Company	Kuwait	100%	100%	2017
Kuwait Private Equity Opportunity Fund	Kuwait	73%	73%	2004
Lawson Lane Investor Incorporation	U.S.A.	100%	100%	2020
Nawasi United Holding Company K.S.C. (Closed)	Kuwait	96%	100%	2017
Plans United Real Estate Co.	Kuwait	100%	100%	2017
Project Plaza Investor Inc	U.S.A.	100%	-	2019
HP Plaza Investor Inc.	Jersey	100%	100%	2019
KAMCO Capital Management Ltd.	Oman	100%	100%	1998
KAMCO Capital Partners Ltd.	Cayman Islands	100%	100%	2007
KAMCO Investment Company DIFC Limited	U.A.E.	100%	100%	2016
Martley Finance GP Limited	Jersey	100%	100%	2020
Martley Holdings GP Limited	Jersey	100%	100%	2020

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

4 CASH AND CASH EQUIVALENTS

	Reviewed 31 March 2023 US\$ 000	Audited 31 December 2022 US\$ 000	Reviewed 31 March 2022 US\$ 000
Demand and call deposits with banks	88,825	102,969	88,421
Placements with banks	84,955	96,465	57,589
	173,780	199,434	146,010
<i>Adjusted for:</i>			
Time deposits with original maturities of more than 90 days	(8,968)	(14,210)	(12,659)
Mandatory reserves	(318)	(318)	(318)
Cash and cash equivalents	164,494	184,906	133,033

5 MOVEMENT IN EXPECTED CREDIT LOSSES (ECL)

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

	Stage 1 US\$ 000	Stage 2 US\$ 000	Stage 3 US\$ 000	Total US\$ 000
As at 1 January 2023	17,296	-	7,915	25,211
Net transfer between stages	(2,089)	2,037	52	-
Net remeasurement of loss allowances	152	-	490	642
Written-off during the period	-	-	(541)	(541)
Foreign exchange adjustments	(27)	-	(10)	(37)
As at 31 March 2023 (Reviewed)	15,332	2,037	7,906	25,275

An analysis of movement in ECL allowances during the three-month period ended 31 March 2022 is as follows:

	Stage 1 US\$ 000	Stage 2 US\$ 000	Stage 3 US\$ 000	Total US\$ 000
As at 1 January 2022	14,830	787	8,444	24,061
Net transfer between stages	(153)	-	153	-
Net remeasurement of loss allowances	353	-	(55)	298
Written-off during the period	-	-	(153)	(153)
Foreign exchange adjustments	(38)	-	(40)	(78)
As at 31 March 2022 (Reviewed)	14,992	787	8,349	24,128

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

6 LONG TERM BONDS

	<i>Reviewed</i> <i>31 March</i> <i>2023</i> <i>US\$ 000</i>	<i>Audited</i> <i>31 December</i> <i>2022</i> <i>US\$ 000</i>	<i>Reviewed</i> <i>31 March</i> <i>2022</i> <i>US\$ 000</i>
Fixed interest of 6.00% per annum and maturing on 26 July 2023	48,590	48,647	49,082
Floating interest of Central Bank of Kuwait discount rate + 2.75% per annum (capped at 7% per annum) and maturing on 26 July 2023	81,852	81,948	82,683
	130,442	130,595	131,765

7 SHARE CAPITAL

	<i>Reviewed</i> <i>31 March</i> <i>2023</i> <i>US\$ 000</i>	<i>Audited</i> <i>31 December</i> <i>2022</i> <i>US\$ 000</i>	<i>Reviewed</i> <i>31 March</i> <i>2022</i> <i>US\$ 000</i>
Authorised share capital			
Number of shares (in thousands)	500,000	500,000	500,000
Par value (US\$)	0.50	0.50	0.50
Authorised share capital (US'000)	250,000	250,000	250,000
Issued and fully paid up share capital			
Number of shares (in thousands)	232,263	232,263	232,263
Par value (US\$)	0.50	0.50	0.50
Issued and fully paid up share capital (US'000)	116,132	116,132	116,132

8 PERPETUAL ADDITIONAL TIER 1 CAPITAL

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

9 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

<i>(Reviewed)</i>			
<i>Three-month period ended 31 March 2022</i>			
	<i>Major shareholder</i>	<i>Associates</i>	<i>Other related parties</i>
	<i>US\$ 000</i>	<i>US\$ 000</i>	<i>US\$ 000</i>
			<i>Total</i>
			<i>US\$ 000</i>
Fees and commissions - net*	245	557	1,432
Dividend income	-	-	7
Rental income	-	-	275
Interest income	-	-	851
Interest expense	(49)	-	(1,264)
General and administrative expenses	-	-	(740)
Others	-	-	30

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The balances with related parties included in the interim condensed consolidated financial statements are as follows:

(Reviewed)				
31 March 2023				
	Major shareholder US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Demand and call deposits with banks	-	-	10,986	10,986
Placements with banks	-	-	13,274	13,274
Investments carried at fair value through profit or loss (FVTPL)	-	-	2,081	2,081
Investments carried at fair value through other comprehensive income (FVOCI)	-	55	65,295	65,350
Loans and receivables	-	-	7,137	7,137
Other assets	-	586	5,052	5,638
Due to banks and other financial institutions	-	-	(84,784)	(84,784)
Deposits from customers	(1,426)	(1,086)	(3,474)	(5,986)
Other liabilities	-	-	(4,317)	(4,317)
Perpetual Additional Tier 1 Capital	-	-	(10,000)	(10,000)
<i>Off statement of financial position items:</i>				
Letters of guarantee	-	-	157	157
(Audited)				
31 December 2022				
	Major shareholder US\$ 000	Associates US\$ 000	Other related parties US\$ 000	Total US\$ 000
Demand and call deposits with banks	-	-	16,955	16,955
Placements with banks	-	-	23,255	23,255
Investments carried at FVTPL	-	-	2,082	2,082
Investments carried at FVOCI	-	56	65,133	65,189
Loans and receivables	-	-	6,641	6,641
Other assets	-	3,506	4,833	8,339
Due to banks and other financial institutions	-	-	(89,904)	(89,904)
Deposits from customers	(4,751)	(345)	(4,807)	(9,903)
Other liabilities	(1)	-	(2,774)	(2,775)
Perpetual Additional Tier 1 Capital	-	-	(10,000)	(10,000)
<i>Off statement of financial position items:</i>				
Letters of guarantee	-	-	157	157

All related party exposures are performing as of 31 March 2023 and 31 December 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel was as follows:

	<i>Three-month period ended 31 March</i>	
	2023	2022
	Reviewed	Reviewed
	US\$ 000	US\$ 000
Short-term employee benefits	583	545
Long-term employee benefits	76	183
	659	728

10 COMMITMENTS AND CONTINGENCIES**Commitments**

Credit-related commitments include commitments to extend credit, letters of guarantee and acceptances which are designed to meet the requirements of the Group's customers.

Letters of credit, guarantees (including standby letters of credit) and acceptances committed by the Group to make payments on behalf of customers if certain conditions are met under the terms of the contract.

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

	Reviewed 31 March 2023 US\$ 000	Audited 31 December 2022 US\$ 000	Reviewed 31 March 2022 US\$ 000
Credit-related commitments:			
Letters of guarantee	2,268	2,269	2,364
Investments related commitments*	825	825	826
	3,093	3,094	3,190

* Investment related commitments represent commitments for capital calls relating to fund structures. These commitments can be called during the investment period of the respective fund which is normally 1 to 5 years.

11 DERIVATIVES

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

	Positive fair value US\$ 000	Negative fair value US\$ 000	Notional amount US\$ 000
31 March 2023 (Reviewed)			
Derivatives held for trading*			
Forward foreign exchange contracts	3,110	(3,216)	747,543
Derivatives used as hedge of net investments in foreign operations			
Forward foreign exchange contracts	34	(882)	197,243
Derivatives used as cash flow hedges			
Interest rate swaps	262	-	22,500

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

11 DERIVATIVES (continued)

	Positive fair value US\$ 000	Negative fair value US\$ 000	Notional amount US\$ 000
31 December 2022 (Audited)			
<i>Derivatives held for trading*</i>			
Forward foreign exchange contracts	3,272	(3,337)	762,620
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	-	(854)	164,079
<i>Derivatives used as cash flow hedges</i>			
Interest rate swaps	443	-	22,500

* The Group uses foreign currency denominated borrowings and forward currency contracts to manage some of its transaction exposures. These currency forward contracts are not designated as cash flow, fair value or net investment in foreign operations hedges and are entered into for periods consistent with currency transaction exposures.

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

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

12 FINANCIAL INSTRUMENTS

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

	At FVTPL US\$ 000	At FVOCI US\$ 000	Amortised cost US\$ 000	Total US\$ 000
31 March 2023 (Reviewed)				
Demand and call deposits with banks	-	-	88,825	88,825
Placements with banks	-	-	84,955	84,955
Investments carried at FVTPL	85,691	-	-	85,691
Investments carried at FVOCI	-	107,201	-	107,201
Investments carried at amortised cost	-	-	24,552	24,552
Loans and receivables	-	-	22,172	22,172
Other assets	-	262	39,057	39,319
Total financial assets	85,691	107,463	259,561	452,715
Due to banks and other financial institutions	-	-	133,700	133,700
Deposits from customers	-	-	17,541	17,541
Long term loans	-	-	61,305	61,305
Long term bonds	-	-	130,442	130,442
Other liabilities	106	848	79,755	80,709
Total financial liabilities	106	848	422,743	423,697

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

12 FINANCIAL INSTRUMENTS (continued)

	<i>At FVTPL US\$ 000</i>	<i>At FVOCI US\$ 000</i>	<i>Amortised cost US\$ 000</i>	<i>Total US\$ 000</i>
<i>31 December 2022 (Audited)</i>				
Demand and call deposits with banks	-	-	102,969	102,969
Placements with banks	-	-	96,465	96,465
Investments carried at FVTPL	88,064	-	-	88,064
Investments carried at FVOCI	-	104,021	-	104,021
Investments carried at amortised cost	-	-	25,036	25,036
Loans and receivables	-	-	21,690	21,690
Other assets	-	443	45,395	45,838
Total financial assets	88,064	104,464	291,555	484,083
Due to banks and other financial institutions	-	-	138,878	138,878
Deposits from customers	-	-	20,772	20,772
Long term loans	-	-	61,324	61,324
Long-term bonds	-	-	130,595	130,595
Other liabilities	65	854	79,712	80,631
Total financial liabilities	65	854	431,281	432,200

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

13 FAIR VALUE MEASUREMENT

Fair value hierarchy

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

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

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

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

13 FAIR VALUE MEASUREMENT (continued)

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

	<i>Level 1</i> <i>US\$ 000</i>	<i>Level 2</i> <i>US\$ 000</i>	<i>Level 3</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Assets measured at fair value				
Investments carried at FVTPL				
Equities	7,821	-	3,647	11,468
Debt securities	11,751	-	326	12,077
Managed funds	3,962	41,021	17,163	62,146
Investments carried at FVOCI				
Equities	2,277	-	104,812	107,089
Managed funds	-	-	112	112
Investment properties	-	-	99,853	99,853
Derivatives				
Interest rate swaps	-	262	-	262
	25,811	41,283	225,913	293,007
Liabilities measured at fair value				
Derivatives				
Forward foreign exchange contracts	-	954	-	954
	-	954	-	954

The following table shows an analysis of the Group's assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2022 (Audited):

	<i>Level 1</i> <i>US\$ 000</i>	<i>Level 2</i> <i>US\$ 000</i>	<i>Level 3</i> <i>US\$ 000</i>	<i>Total</i> <i>US\$ 000</i>
Assets measured at fair value				
Investments carried at FVTPL				
Equities	6,000	-	2,129	8,129
Debt securities	14,504	-	326	14,830
Managed funds	4,324	43,339	17,442	65,105
Investments carried at FVOCI				
Equities	4,837	-	99,144	103,981
Managed funds	-	-	40	40
Investment properties	-	-	99,962	99,962
Derivatives				
Interest rate swaps	-	443	-	443
	29,665	43,782	219,043	292,490
Liabilities measured at fair value				
Derivatives				
Forward foreign exchange contracts	-	919	-	919
	-	919	-	919

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

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

During the three-month period ended 31 March 2023, an investment carried at US\$ 2,283 thousand has been transferred from Level 1 to Level 3 (31 March 2022: nil).

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

	As at 1 January 2023 US\$'000	Net purchases, sales, transfer and settlement US\$'000	Gain (loss) recorded in the statement of income US\$'000	Profit recognised in OCI US\$'000	As at 31 March 2023 (Reviewed) US\$'000
<i>Investments carried at FVTPL</i>					
Equities	2,129	1,498	20	-	3,647
Debt securities	326	-	-	-	326
Managed funds	17,442	128	(407)	-	17,163
	19,897	1,626	(387)	-	21,136
<i>Investments carried at FVOCI</i>					
Equities	99,144	2,652	-	3,016	104,812
Managed funds	40	72	-	-	112
	99,184	2,724	-	3,016	104,924
Investment properties	99,962	-	(109)	-	99,853
			(Loss) gain recorded in the		As at
	As at 1 January 2022 US\$'000	Net purchases, sales, transfer and settlement US\$'000	consolidated statement of income US\$'000	Profit (loss) recognised in OCI US\$'000	31 March 2022 (Reviewed) US\$'000
<i>Investments carried at FVTPL</i>					
Equities	156	2,002	(1)	-	2,157
Debt securities	827	-	(3)	-	824
Managed funds	23,264	(1,194)	16	-	22,086
	24,247	808	12	-	25,067
<i>Investments carried at FVOCI</i>					
Equities	76,953	958	-	279	78,190
Managed funds	42	71	-	(1)	112
	76,995	1,029	-	278	78,302
Investment properties	100,564	-	(380)	-	100,184

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

14 ASSETS HELD FOR SALE

During the period, the Group made an investment in certain special purpose vehicles (the "Entities") with a carrying value amounting to US\$ 24,994 thousand (31 March 2022: nil) classified in accordance with IFRS 5 - Non-current Assets held for sale as the Group actively plans to dispose its stake in these entities.

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

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

15 REGULATORY RATIOS

Net Stable Funding Ratio ("NSFR")

The NSFR ratio is calculated in accordance with the Liquidity Risk Management Module guidelines, issued by the CBB. The minimum NSFR ratio limit as per CBB is 100%. The Group's consolidated NSFR as of 31 March 2023 is 121.0% (31 December 2022: 124.1%).

76% (2022: 74%) of the total available stable funding is made up of the Group's capital base with 4% (2022: 11%) being less stable deposits and 1% (2022: 2%) comprising of funding, which is due to be repaid in 6 months or less.

The Group's required stable funding comprises of 84% (2022: 85%) assets that have no specified maturity, 13% (2022: 12%) that have contractual maturities of less than 6 months, and 3% (2022: 3%) non-HQLA (the "High Quality Liquid Assets") assets (after application of risk weights).

	31 March 2023 (Reviewed)				
	Unweighted values				
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Available Stable Funding (ASF)					
Capital	265,104	-	-	79,439	344,543
Stable deposits	-	905	-	-	860
Less stable deposits	-	-	-	18,650	18,650
Secured and unsecured funding	-	10,455	-	-	5,228
Other deposits and funding from financial institutions	-	48,916	-	84,784	84,784
Total ASF	265,104	60,276	-	182,873	454,065

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

15 REGULATORY RATIOS (continued)

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

	31 March 2023 (Reviewed)				
	Unweighted values				
	No specified maturity US\$ 000	Less than 6 months US\$ 000	More than 6 months and less than one year US\$ 000	Over one year US\$ 000	Total weighted value US\$ 000
Required Stable Funding (RSF)					
Unencumbered Non-HQLA securities that are not in default and exchange-traded equities in cases where the issuer is not in default	-	-	22,172	-	11,086
Loans	-	88,825	-	-	13,324
Deposits held at other financial institutions for operational purposes	-	71,681	-	-	35,841
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities	314,998	-	-	-	314,998
<i>Off-Balance Sheet exposures</i>					
Trade finance-related obligations (including guarantees and letters of credit)	2,074	-	-	-	104
Total RSF	317,072	160,506	22,172	-	375,353
NSFR (%)					121.0%

	31 December 2022 (Audited)				
	Unweighted values				
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Available Stable Funding (ASF)					
Capital	286,378	-	-	92,677	379,055
Stable deposits	-	905	-	-	860
Less stable deposits	-	64,150	-	-	57,735
Secured and unsecured funding	-	13,683	-	-	6,841
Other deposits and funding from financial institutions	-	109,478	130,595	-	65,298
Total ASF	286,378	188,216	130,595	92,677	509,789

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2023 (Reviewed)

15 REGULATORY RATIOS (continued)

	31 December 2022 (Audited)				
	Unweighted values				
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	Total weighted value
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Required Stable Funding (RSF)					
Unencumbered Non-HQLA securities that are not in default and exchange-traded equities in cases where the issuer is not in default	-	-	21,690	-	10,845
Loans	-	102,970	-	-	15,445
Deposits held at other financial institutions for operational purposes	-	67,065	-	-	33,533
All other assets including fixed assets, items deducted from regulatory capital, insurance assets and defaulted securities	350,937	-	-	-	350,937
Off-Balance Sheet exposures					
Trade finance-related obligations (including guarantees and letters of credit)	2,269	-	-	-	113
Total RSF	353,206	170,035	21,690	-	410,873
NSFR (%)					124.1%

Liquidity Coverage Ratio ("LCR")

The LCR at solo and consolidated levels are calculated as simple averages of daily LCRs over the current and previous period.

	Reviewed 31 March 2023	Audited 31 December 2022
Solo	240%	202%
Consolidated	655%	632%