



شركة التسهيلات التجارية ش.م.ك.
COMMERCIAL FACILITIES CO. S.A.K.P.

**Commercial Facilities Company S.A.K.P.
and Subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Financial Information
and Independent Auditors' Review Report
for the six-month period ended 30 June 2022
(Unaudited)**



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Commercial Facilities Company S.A.K.P.
State of Kuwait

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Commercial Facilities Company S.A.K.P. ("the Parent Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2022, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, for the three month and six month periods then ended, and changes in equity and cash flows for the six-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation as disclosed in Note (2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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


Conclusion

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

Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. 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, and its executive regulations, as amended, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the six-month period ended 30 June 2022 that might have had a material effect on the business of the Group or on its financial position.

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 material violations of the provisions of Law No. 32 of 1968 as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business and its related regulation or of the provisions of Law No. 7 of 2010, as amended, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2022, that might have had a material effect on the business of the Group or on its consolidated financial position.



Talal Yousef Al-Muzaini
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Ali A. Al Hasawi
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Kuwait

14 August 2022

Interim Condensed Consolidated Statement of Financial Position as at 30 June 2022
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Notes	30 June 2022	31 December 2021 (Audited)	30 June 2021
Assets				
Cash and bank balances	3	37,580	23,627	20,047
Other receivables and prepayments		3,190	2,697	4,002
Finance receivables	4	168,484	171,131	163,795
Investments in securities	5	57,584	54,533	53,851
Investment in associates	6	14,533	14,216	13,938
Investment properties		4,001	4,001	4,087
Property and equipment		2,564	2,653	2,353
Total assets		287,936	272,858	262,073
Liabilities and equity				
Liabilities				
Trade creditors and other liabilities		4,661	4,553	3,781
Term loans	7	120,928	105,883	98,873
Provision for staff indemnity		4,383	4,388	4,536
Total liabilities		129,972	114,824	107,190
Equity				
Share capital		53,676	53,676	53,676
Share premium		1,433	1,433	1,433
Legal reserve		52,293	52,293	50,788
Voluntary reserve		48,093	48,093	48,093
Fair value reserve		(3,304)	(3,434)	697
Foreign currency translation reserve		726	872	888
Land revaluation reserve		898	898	852
Treasury shares	9	(11,271)	(11,271)	(11,271)
Gain on sale of treasury shares		14	14	14
Retained earnings		15,357	15,413	9,668
Equity attributable to the shareholders of the Parent Company		157,915	157,987	154,838
Non-controlling interests		49	47	45
Total equity		157,964	158,034	154,883
Total liabilities and equity		287,936	272,858	262,073

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Ali Ibrahim Marafi
Chairman

Abdallah Saud Abdulaziz Al-Humaidhi
Vice Chairman and Chief Executive Officer

Interim Condensed Consolidated Statement of Profit or Loss for the six-month period ended 30 June 2022
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Notes	Three-month period ended		Six-month period ended	
		30 June		30 June	
		2022	2021	2022	2021
Financing income		3,098	3,244	6,183	6,691
Share of results of associates	6	398	19	608	145
Other income		5	8	24	18
Interest income		99	99	179	191
Net (loss)/ gain from investments	10	(265)	1,441	2,738	2,401
Rental income from investment property		69	52	113	103
Net foreign exchange gains		138	-	181	-
Total other income		444	1,619	3,843	2,858
Finance costs		(822)	(568)	(1,470)	(1,162)
Staff costs and related expenses		(562)	(417)	(1,123)	(1,229)
General and administrative expenses		(362)	(364)	(725)	(729)
Net foreign exchange loss		-	(63)	-	(95)
Total expenses		(1,746)	(1,412)	(3,318)	(3,215)
Profit before provision for credit losses and impairment losses		1,796	3,451	6,708	6,334
Reversal of provision/ (provision) on expected credit loss		878	(535)	455	1,373
Profit before taxation and Directors' remuneration		2,674	2,916	7,163	7,707
Provision for KFAS		(27)	(29)	(72)	(77)
Provision for NLST and Zakat		(77)	(98)	(233)	(260)
Provision for Directors' remuneration		(36)	(36)	(72)	(72)
Profit for the period		2,534	2,753	6,786	7,298
Attributable to:					
Shareholders of the Parent Company		2,534	2,753	6,784	7,295
Non-controlling interests		-	-	2	3
		2,534	2,753	6,786	7,298
Earnings per share – Fils	11	5	5	13	14

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six-month period ended 30 June 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand)

	Three-month period ended		Six-month period ended	
	30 June		30 June	
	2022	2021	2022	2021
Profit for the period	2,534	2,753	6,786	7,298
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign exchange translation	(139)	(83)	(146)	(97)
<i>Items that will not be reclassified subsequently to consolidated profit or loss</i>				
Change in fair value of investments at FVOTCI	(5)	(427)	907	(367)
Other comprehensive income/ (loss) for the period	(144)	(510)	761	(464)
Total comprehensive income for the period	2,390	2,243	7,547	6,834
Attributable to:				
Shareholders of the Parent Company	2,390	2,243	7,545	6,831
Non-controlling interests	-	-	2	3
	2,390	2,243	7,547	6,834

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity for the six-month period ended 30 June 2022
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Equity attributable to shareholders of the Parent Company										Non-Controlling Interest	Total	
	Share capital	Share premium	Legal reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Land revaluation reserve	Treasury shares	Gain on sale of treasury shares	Retained earnings / (Accumulated losses)			
Balance at 31 December 2021	53,676	1,433	52,293	48,093	(3,434)	872	898	(11,271)	14	15,413	157,987	47	158,034
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign exchange translation adjustments	-	-	-	-	-	(146)	-	-	-	6,784	6,784	2	6,786
Change in fair value of financial assets at FVTOCI	-	-	-	-	907	-	-	-	-	-	-	-	(146)
Gain on sale of investments at FVTOCI	-	-	-	-	(777)	-	-	-	-	777	-	-	907
Total comprehensive income for the period	-	-	-	-	130	(146)	-	-	-	7,561	7,545	2	7,547
Dividends (Note 14)	-	-	-	-	-	-	-	-	-	(7,617)	(7,617)	-	(7,617)
Balance at 30 June 2022	53,676	1,433	52,293	48,093	(3,304)	726	898	(11,271)	14	15,357	157,915	49	157,964
Balance at 1 January 2021	53,676	1,433	50,788	48,093	1,030	985	852	(11,271)	14	7,485	153,085	42	153,127
Profit for the period	-	-	-	-	-	-	-	-	-	7,295	7,295	3	7,298
Foreign exchange translation adjustments	-	-	-	-	-	(97)	-	-	-	-	(97)	-	(97)
Change in fair value of financial assets at FVTOCI	-	-	-	-	(367)	-	-	-	-	-	(367)	-	(367)
Loss on sale of investments at FVTOCI	-	-	-	-	34	-	-	-	-	(34)	-	-	-
Total comprehensive income for the period	-	-	-	-	(333)	(97)	-	-	-	7,261	6,831	3	6,834
Dividends (Note 14)	-	-	-	-	-	-	-	-	-	(5,078)	(5,078)	-	(5,078)
Balance at 30 June 2021	53,676	1,433	50,788	48,093	697	888	852	(11,271)	14	9,668	154,838	45	154,883

The accompanying notes form an integral part of this interim condensed consolidated financial information.

**Interim Condensed Consolidated Statement of Cash Flows for the six-month period ended 30 June 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand)

	Note	Six-month period ended	
		30 June	
		2022	2021
Operating activities			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration		7,163	7,707
Adjustments for:			
Depreciation		106	101
Unrealised gain on financial assets at FVTPL		(579)	(1,213)
Realised gain on financial assets at FVTPL		(750)	(88)
Interest income		(179)	(191)
Dividend income		(1,408)	(1,100)
Share of results of associates		(608)	(145)
Finance cost		1,471	1,162
Provision for staff indemnity		46	111
Reversal of provision for credit loss expense		(455)	(1,373)
		4,807	4,971
Finance receivables		4,525	15,241
Other receivables and prepayments		827	(2,956)
Trade creditors and other liabilities		(578)	(449)
Cash from operations		9,581	16,807
Staff indemnity paid		(51)	(164)
Interest received		179	191
Dividends received		1,424	1,100
Net cash from operating activities		11,133	17,934
Investing activities			
Proceed from term deposits		52,740	21,000
Term deposit placed		(62,579)	(25,046)
Purchase of financial assets at FVTPL		(3,514)	(6,079)
Purchase of financial assets at FVTOCI		(2,352)	(3,046)
Proceeds from sale of financial assets at FVTPL		1,679	1,358
Proceeds from sale of financial assets at FVTOCI		3,228	2,328
Dividend received from associate		291	87
Purchase of property and equipment		(17)	-
Net cash used in investing activities		(10,524)	(9,398)
Financing activities			
Proceeds from term loans		35,577	28,000
Repayment of term loans		(20,531)	(32,249)
Dividends paid		(7,423)	(5,367)
Finance cost – paid		(1,357)	(1,183)
Net cash from/ (used in) financing activities		6,266	(10,799)
Net increase/ (decrease) in cash and cash equivalents		6,875	(2,263)
Cash and cash equivalents at beginning of the period		12,207	12,459
Cash and cash equivalents at end of the period	3	19,082	10,196

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

1. Incorporation and principal activities

Commercial Facilities Company S.A.K.P. ("the Parent Company") was incorporated on 16 January 1977 in accordance with the Commercial Companies Law in the State of Kuwait. The Parent Company's shares were listed on the Kuwait Stock Exchange on 29 September 1984.

The main activities of the Group represent in financing activities, investments and brokerage.

The address of the Parent Company's registered office is P.O. Box 24284, Safat 13103, State of Kuwait.

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 14 August 2022.

2. Basis of preparation and significant accounting policies

2.1 Basis of presentation

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting" except as noted below.

The interim condensed consolidated financial statements have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") and the Capital Market Authority ("CMA") in the State of Kuwait. These regulations require financial institutions regulated by CBK to adopt the International Financial Reporting Standards ("IFRS") with the following amendment:

- Expected credit loss ("ECL") on credit facilities to be measured at the higher of ECL computed under IFRS 9 – Financial Instruments ("IFRS") in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

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

The interim condensed consolidated financial information does not contain all information and disclosures required for the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

In the management's opinion, all necessary adjustments, including recurring accruals have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 30 June 2022 are not necessarily indicative of results that may be expected for the year ending 31 December 2022.

2.2 Significant accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2021. Amendments to IFRSs which are effective for annual periods beginning on or after 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

3. Cash and bank balances

	30 June 2022	31 December 2021 (Audited)	30 June 2021
Cash on hand	20	9	22
Bank balances	14,304	8,773	13,859
Deposits	23,256	14,845	6,166
	<u>37,580</u>	<u>23,627</u>	<u>20,047</u>
Less: Deposits with original maturity over three months	(18,257)	(9,843)	(9,488)
Less: Cash balance with third parties	(241)	(1,577)	(363)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	<u>19,082</u>	<u>12,207</u>	<u>10,196</u>

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

The Group's term deposits denominated in USD and Lebanese Pound amounting to KD 11,305 thousand (KD 11,141 thousand – 31 December 2021 and KD 11,211 thousand – 30 June 2021) are with banks in Lebanon. The Group management believes that these amounts are recoverable. The Expected credit losses related to bank balances and term deposits is KD 9,867 thousand (KD 8,442 thousand -31 December 2021 and KD 5,382 thousand - 30 June 2021).

4. Finance Receivables

	30 June 2022	31 December 2021 (Audited)	30 June 2021
Commercial loans	30,580	28,537	24,677
Personal loans	189,473	196,926	197,109
	220,053	225,463	221,786
Less: deferred income	(16,836)	(17,683)	(17,593)
	203,217	207,780	204,193
Less: provision for expected credit losses	(34,733)	(36,649)	(40,398)
	168,484	171,131	163,795

As at 30 June 2022, provisions for credit losses in accordance with the requirements of the Central Bank of Kuwait amounted to KD 27,377 thousand (KD 28,512 thousand - 31 December 2021 and KD 30,666 thousand – 30 June 2021), less than the expected credit losses for credit facilities which were calculated in accordance with the requirements of IFRS 9 in accordance with the Central Bank of Kuwait guidelines.

The average interest rate earned from instalment credit for the six-month period ended 30 June 2022 was 4.26% (3.62% - 31 December 2021 and 4.06% - 30 June 2021) per annum.

5. Investment securities

	30 June 2022	31 December 2021 (Audited)	30 June 2021
Financial investments at FVTPL	23,164	20,000	17,316
Investments at FVTOCI	34,420	34,533	36,535
	57,584	54,533	53,851

6. Investments in associates

	Place of incorporation and operation	Proportion of ownership interest	Principal activity
Real Estate Facilities and Investment Company K.S.C.C	Kuwait	30.21%	Investment in real estate
Priority Automobile Company K.S.C.C.	Kuwait	44.56%	Renting and leasing of luxury cars

Group's share from associates' results amount to KD 608 thousand for the period ended 30 June 2022 (KD 145 thousand – 30 June 2021). This financial information has been prepared based on the financial information prepared by the associates' managements.

7. Term loans

	30 June 2022	31 December 2021 (Audited)	30 June 2021
Loans denominated in KD	113,260	105,883	98,873
Loans denominated in USD	7,668	-	-
	120,928	105,883	98,873

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

During the period, the Group signed new financing KD loan agreements amounting to KD 50 million (KD 36 - 31 December 2021 and KD 34 million - 30 June 2021) and USD 50 million (31 December 2021 - Nil and 30 June 2021 - Nil).

The weighted average interest rate on KD loans outstanding at 30 June 2022 was 2.69% per annum and on USD loans was 3.04% per annum (2.43% per annum and 2.91% per annum respectively - 31 December 2021 and 2.43% per annum and 2.91% per annum respectively - 30 June 2021).

The Group's outstanding term loans at 30 June 2022 are borrowed under floating rate agreements. The interest rates were determined at normal commercial rates available from the debt market on an arm's length basis. The Group has assigned customer contracts amounting to 103,387 (KD 115,557 thousand - 31 December 2021 and KD 103,646 thousand - 30 June 2021) as security over 11 term loans (12 term loans - 31 December 2021 and 12 term loans - 30 June 2021) with balances outstanding of KD 120,928 thousand (KD 105,883 thousand - 31 December 2021 and KD 98,873 thousand - 30 June 2021).

8. Related party transactions

Related parties comprise associated companies, major shareholders, directors and key management personnel of the Group, their families, and companies of which they are the principal owners. The Group enters into transactions with related parties. Pricing policies and terms are approved by the Group's management.

The related party transactions and balances included in this interim condensed consolidated financial information are as follows:

a) Compensation of key management personnel of the Parent Company

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022	2021	2022	2021
Salaries and other short-term benefits	136	105	260	209
Post-employment benefits	162	17	329	(98)
	<u>298</u>	<u>122</u>	<u>589</u>	<u>111</u>

b) Instalment debtors

	30 June 2022	31 December 2021	30 June 2021
Balance at 1 January	76	21	21
Loan advanced during the period	-	-	69
Instalment repayment received	(4)	(3)	(6)
Balance at 30 June	<u>72</u>	<u>18</u>	<u>84</u>

9. Treasury shares

	30 June 2022	31 December 2021 (Audited)	30 June 2021
Market value of total treasury shares (KD'000)	5,731	5,933	5,499
Percentage of issued shares	5.39%	5.39%	5.39%
Total number of shares (000's)	28,942	28,942	28,942

The Parent Company is required to retain reserves and retained earnings equivalent to the cost of treasury shares throughout the period, in which they are held by the Parent Company, in accordance with the instructions of the relevant regulatory authorities.

10. Net gains from investments

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022	2021	2022	2021
Unrealised gain on financial assets at FVTPL	(1,237)	879	579	1,213
Realised gain on sale of financial assets at FVTPL	205	88	750	88
Dividend income	767	474	1,409	1,100
	<u>(265)</u>	<u>1,441</u>	<u>2,738</u>	<u>2,401</u>

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2022 (Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

11. Earnings per share

Earnings per share is computed by dividing profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022	2021	2022	2021
Profit for the period	2,534	2,753	6,784	7,295
	Shares			
Weighted average number of the Parent Company's issued and paid-up shares (000's)	536,764	536,764	536,764	536,764
Weighted average number of the Parent Company's treasury shares (000's)	(28,942)	(28,942)	(28,942)	(28,942)
Weighted average number of the Parent Company's outstanding shares (000's)	507,822	507,822	507,822	507,822
Earnings per share – Fils	5	5	13	14

12. Revenue and segmental analysis

The Group operates in one principal area of activity, the granting of consumer instalment credit facilities. Its consumer credit operations are carried out entirely in the domestic market in Kuwait. The Group has investments both inside and outside Kuwait.

A segmental analysis of profit from ordinary activities, total assets, total liabilities and net assets employed by geographical location is as follows:

	Consumer	Investment	Total
At 30 June 2022			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	8,061	(898)	7,163
Total assets	168,484	119,452	287,936
Total liabilities	(120,928)	(9,044)	(129,972)
Net assets employed	47,556	110,408	157,964
At 30 June 2021			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	12,229	(4,522)	7,707
Total assets	163,795	98,278	262,073
Total liabilities	(98,873)	(8,317)	(107,190)
Net assets employed	64,922	89,961	154,883

13. Commitments

The Group has capital commitments of KD 92 thousand (KD Nil - 31 December 2021 and KD 181 thousand - 30 June 2021) on purchase of investments.

14. Annual general assembly

The shareholder's annual general assembly meeting held on 23 March 2022 approved the audited consolidated financial statements of the Group for the year ended 31 December 2021 and they approved to distribute a cash dividend of 15 fils per share (10 fils per share – 2020) amounting to KD 7,617 thousand (KD 5,078 thousand – 2020).

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2022
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

15. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's financial assets are measured at fair value at the end of each reporting period. The following tables gives information about how the fair values of these financial assets are determined.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at			Fair value Hierarchy	Sector
	30 June 2022	31 December 2021 (Audited)	30 June 2021		
Financial assets at FVTPL - <i>Quoted securities</i>	15,377 203 <u>15,580</u>	14,956 232 <u>15,188</u>	12,499 - <u>12,499</u>	Level 1 Level 1	Financial Institutions Services
Financial assets at FVTPL - <i>Debt securities</i>	4,556 3,028	4,812 -	4,817 -	Level 2 Level 2	Financial Institutions Conglomerate
Financial assets at FVOCI - <i>Unquoted funds</i>	513	-	5,039	Level 2	Financial Institutions
Financial assets at FVOCI - <i>Unquoted debt</i>	3,772 1,250 2,500 <u>15,619</u>	3,770 1,250 2,500 <u>12,332</u>	2,989 1,250 2,500 <u>16,595</u>	Level 2 Level 2 Level 2	Financial Institutions Conglomerate Real estate
Financial assets at FVOCI - <i>Unquoted securities</i>	20,431	22,297	20,534	Level 3	Real Estate
	3,268 1,666 560	1,633 2,135 494	1,683 1,564 524	Level 3 Level 3 Level 3	Conglomerate Financial Institutions Services
Financial assets at FVOCI - <i>Unquoted debt</i>	460 26,385 <u>57,584</u>	454 27,013 <u>54,533</u>	452 24,757 <u>53,851</u>	Level 3	Financial Institutions

Movement in level 3 is as follows:

	30 June 2022	31 December 2021 (Audited)	30 June 2021
Opening balance as at 1 January 2022	27,013	28,842	23,766
Change in fair value	755	(4,314)	(427)
Purchases/ transfers	1,845	5,700	2,844
Sales	(3,228)	(3,215)	(1,426)
Closing balance as at 30 June 2022	<u>26,385</u>	<u>27,013</u>	<u>24,757</u>

The fair values of equity investments are obtained from quoted market prices and other models.

Valuation techniques include observable market information of comparable companies and net asset values. Significant unobservable inputs used in valuation techniques mainly include market multiples such as price to book and price to earnings. The most significant unobservable inputs used is the illiquidity discount in the level 3 hierarchy.

**Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2022
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand unless otherwise stated)

A sensitivity analysis on fair value estimations, by varying input assumptions by a reasonable margin, did not indicate any material impact on the interim condensed consolidated statement of financial position or consolidated statement of profit or loss.

16. Impact of COVID-19

The Group is gradually recovering from the effects of Covid-19 pandemic. High vaccination rates and strict social distancing measures significantly reduced the impact of latest variants of virus. During the years 2020 and 2021, Central Bank of Kuwait (CBK) implemented various measures targeted at reinforcing the banking sectors ability to play a vital role in the economy. Those measures are disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2021 and 31 December 2020.