



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

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

**Interim Condensed Consolidated Financial Information  
and Independent Auditors' Review Report  
for the nine-month period ended 30 September 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 September 2022, and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, for the three month and nine month periods then ended, and changes in equity and cash flows for the nine-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.

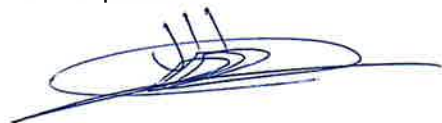
*Conclusion*

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 nine-month period ended 30 September 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 nine-month period ended 30 September 2022, that might have had a material effect on the business of the Group or on its consolidated financial position.



**Talal Yusef Al-Muzaini**  
License No. 209 A  
Deloitte & Touche - Al-Wazzan & Co.



**Ali A. Al Hasawi**  
License No. 30  
Rödl Middle East  
Burgan-International Accountants

**Commercial Facilities Company S.A.K.P. and Subsidiaries**

State of Kuwait



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

*(All amounts are in Kuwaiti Dinar Thousand)*

	Notes	30 September 2022	31 December 2021 (Audited)	30 September 2021
<b>Assets</b>				
Cash and bank balances	3	37,471	23,627	22,495
Other receivables and prepayments		3,368	2,697	4,247
Finance receivables	4	170,531	171,131	168,573
Investments in securities	5	57,806	54,533	58,480
Investment in associates	6	14,329	14,216	13,754
Investment properties		4,001	4,001	4,087
Property and equipment		2,537	2,653	2,626
<b>Total assets</b>		<b>290,043</b>	<b>272,858</b>	<b>274,262</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks		387	-	232
Trade creditors and other liabilities		4,525	4,553	4,841
Term loans	7	122,043	105,883	104,937
Provision for staff indemnity		4,416	4,388	4,584
<b>Total liabilities</b>		<b>131,371</b>	<b>114,824</b>	<b>114,594</b>
<b>Equity</b>				
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		(3,706)	(3,434)	788
Foreign currency translation reserve		477	872	776
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		16,712	15,413	14,473
Equity attributable to the shareholders of the Parent Company		158,619	157,987	159,622
Non-controlling interests		53	47	46
<b>Total equity</b>		<b>158,672</b>	<b>158,034</b>	<b>159,668</b>
<b>Total liabilities and equity</b>		<b>290,043</b>	<b>272,858</b>	<b>274,262</b>

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 nine-month period ended 30 September 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Notes	Three-month period ended		Nine-month period ended	
		30 September		30 September	
		2022	2021	2022	2021
Financing income		3,015	3,108	9,198	9,799
Share of results of associates	6	249	193	857	338
Other income		9	4	33	22
Interest income		218	(55)	397	136
Net (loss)/ gain from investments	10	(360)	1,889	2,378	4,290
Rental income from investment property		59	38	172	141
Net foreign exchange gains		192	30	373	-
<b>Total other income</b>		<b>367</b>	<b>2,099</b>	<b>4,210</b>	<b>4,927</b>
Finance costs		(1,020)	(571)	(2,490)	(1,733)
Staff costs and related expenses		(559)	(502)	(1,682)	(1,731)
General and administrative expenses		(363)	(359)	(1,088)	(1,088)
Net foreign exchange loss		-	-	-	(65)
<b>Total expenses</b>		<b>(1,942)</b>	<b>(1,432)</b>	<b>(5,260)</b>	<b>(4,617)</b>
<b>Profit before provision for credit losses and impairment losses</b>		<b>1,440</b>	<b>3,775</b>	<b>8,148</b>	<b>10,109</b>
Reversal of provision on expected credit loss		10	1,270	465	2,643
<b>Profit before taxation and Directors' remuneration</b>		<b>1,450</b>	<b>5,045</b>	<b>8,613</b>	<b>12,752</b>
Provision for KFAS		(14)	(51)	(86)	(128)
Provision for NLST and Zakat		(49)	(175)	(282)	(435)
Provision for Directors' remuneration		(36)	(36)	(108)	(108)
<b>Profit for the period</b>		<b>1,351</b>	<b>4,783</b>	<b>8,137</b>	<b>12,081</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company		1,347	4,782	8,131	12,077
Non-controlling interests		4	1	6	4
		<b>1,351</b>	<b>4,783</b>	<b>8,137</b>	<b>12,081</b>
<b>Earnings per share – Fils</b>	11	<b>3</b>	<b>9</b>	<b>16</b>	<b>24</b>

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 nine-month period ended 30 September 2022  
(Unaudited)**

(All amounts are in Kuwaiti Dinar Thousand)

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
<b>Profit for the period</b>	1,351	4,783	8,137	12,081
<b>Other comprehensive income</b>				
<i>Items that may not be reclassified subsequently to consolidated profit or loss</i>				
Foreign exchange translation	(249)	(112)	(395)	(209)
Change in fair value of investments at FVOTCI	(394)	114	513	(253)
<b>Other comprehensive income/ (loss) for the period</b>	(643)	2	118	(462)
<b>Total comprehensive income for the period</b>	708	4,785	8,255	11,619
<b>Attributable to:</b>				
Shareholders of the Parent Company	704	4,784	8,249	11,615
Non-controlling interests	4	1	6	4
	708	4,785	8,255	11,619

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

**Interim Condensed Consolidated Statement of Changes in Equity for the nine-month period ended 30 September 2022**  
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Equity attributable to shareholders of the Parent Company												
	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)	Total	Non-Controlling Interests	Total
<b>Balance at 31 December 2021</b>	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	-	-	-	-	-	-	-	-	-	8,131	8,131	6	8,137
Foreign exchange translation adjustments	-	-	-	-	-	(395)	-	-	-	-	(395)	-	(395)
Change in fair value of financial assets at FVTOCI	-	-	-	-	513	-	-	-	-	-	513	-	513
Gain on sale of investments at FVTOCI	-	-	-	-	(785)	-	-	-	-	785	-	-	-
Total comprehensive (loss)/ income for the period	-	-	-	-	(272)	(395)	-	-	-	8,916	8,249	6	8,255
Dividends (Note 13)	-	-	-	-	-	-	-	-	-	(7,617)	(7,617)	-	(7,617)
<b>Balance at 30 September 2022</b>	53,676	1,433	52,293	48,093	(3,706)	477	898	(11,271)	14	16,712	158,619	53	158,672
<b>Balance at 1 January 2021</b>	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	-	-	-	-	-	-	-	-	-	12,077	12,077	4	12,081
Foreign exchange translation adjustments	-	-	-	-	-	(209)	-	-	-	-	(209)	-	(209)
Change in fair value of financial assets at FVTOCI	-	-	-	-	(253)	-	-	-	-	-	(253)	-	(253)
Loss on sale of investments at FVTOCI	-	-	-	-	11	-	-	-	-	(11)	-	-	-
Total comprehensive (loss)/ income for the period	-	-	-	-	(242)	(209)	-	-	-	12,066	11,615	4	11,619
Dividends (Note 13)	-	-	-	-	-	-	-	-	-	(5,078)	(5,078)	-	(5,078)
<b>Balance at 30 September 2021</b>	53,676	1,433	50,788	48,093	788	776	852	(11,271)	14	14,473	159,622	46	159,668

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

Interim Condensed Consolidated Statement of Cash Flows for the nine-month period ended 30 September 2022  
(Unaudited)

(All amounts are in Kuwaiti Dinar Thousand)

	Note	Nine-month period ended 30 September	
		2022	2021
<b>Operating activities</b>			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration		8,613	12,752
Adjustments for:			
Depreciation		139	151
Unrealised loss / (gain) on financial assets at FVTPL		261	(2,616)
Realised gain on financial assets at FVTPL		(750)	(88)
Interest income		(397)	(136)
Dividend income		(1,889)	(1,586)
Share of results of associates		(857)	(338)
Finance cost		2,490	1,733
Provision for staff indemnity		82	166
Reversal of provision for credit loss expense		(465)	(2,643)
		<u>7,227</u>	<u>7,395</u>
Finance receivables		3,256	12,998
Other receivables and prepayments		(616)	(2,879)
Trade creditors and other liabilities		<u>(553)</u>	<u>378</u>
<b>Cash from operations</b>		<u>9,314</u>	<u>17,892</u>
Dividends received		1,834	(171)
Staff indemnity paid		(54)	136
Interest received		<u>397</u>	<u>1,496</u>
<b>Net cash from operating activities</b>		<u>11,491</u>	<u>19,353</u>
<b>Investing activities</b>			
Proceeds from term deposits		87,767	20,523
Increase in deposits with banks		(86,829)	(25,000)
Purchase of financial assets at FVTPL		(4,257)	(8,009)
Purchase of financial assets at FVOCI		(3,504)	(4,423)
Proceeds from sale of financial assets at FVTPL		1,680	1,358
Proceeds from sale of financial assets at FVOCI		3,411	2,365
Purchase of property and equipment		(23)	(323)
Dividend received from associates		744	464
<b>Net cash used in investing activities</b>		<u>(1,011)</u>	<u>(13,045)</u>
<b>Financing activities</b>			
Proceeds from term loans		44,575	45,000
Repayment of term loans		(28,415)	(43,185)
Dividends paid		(7,584)	(5,390)
Finance cost – paid		<u>(2,474)</u>	<u>(1,760)</u>
<b>Net cash from/ (used in) financing activities</b>		<u>6,102</u>	<u>(5,335)</u>
<b>Net increase in cash and cash equivalents</b>		<u>16,582</u>	<u>973</u>
Decrease /(increase) in cash held by third parties		713	(232)
Cash and cash equivalents at beginning of the period		<u>12,207</u>	<u>12,459</u>
<b>Cash and cash equivalents at end of the period</b>	3	<u>29,502</u>	<u>13,200</u>

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



**Notes to the Interim Condensed Consolidated Financial Information for the nine-month period ended 30 September 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 25 October 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 September 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**

	<b>30 September 2022</b>	<b>31 December 2021 (Audited)</b>	<b>30 September 2021</b>
Cash on hand	21	9	17
Bank balances	6,488	8,773	13,415
Deposits	30,962	14,845	9,063
	<u>37,471</u>	<u>23,627</u>	<u>22,495</u>
Less: Deposits with original maturity over three months	(6,718)	(9,843)	(9,063)
Less: Due to banks	(387)	-	-
Less: Cash balance with third parties	(864)	(1,577)	(232)
Cash and cash equivalents for the purpose of consolidated statement of cash flows	<u>29,502</u>	<u>12,207</u>	<u>13,200</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine-month period ended 30 September 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 11,461 thousand (KD 11,141 thousand – 31 December 2021 and KD 11,238 thousand – 30 September 2021) are with banks in Lebanon. The Expected credit losses related to bank balances and term deposits is KD 10,629 thousand (KD 8,442 thousand -31 December 2021 and KD 6,601 thousand - 30 September 2021).

4. Finance Receivables

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Commercial loans	31,351	28,537	26,538
Personal loans	190,284	196,926	198,031
	221,635	225,463	224,569
Less: deferred income	(17,194)	(17,683)	(17,954)
	204,441	207,780	206,615
Less: provision for expected credit losses	(33,910)	(36,649)	(38,042)
	<u>170,531</u>	<u>171,131</u>	<u>168,573</u>

As at 30 September 2022, provisions for credit losses in accordance with the requirements of the Central Bank of Kuwait amounted to KD 26,905 thousand (KD 28,512 thousand - 31 December 2021 and KD 29,070 thousand – 30 September 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 nine-month period ended 30 September 2022 was 4.22% (3.62% - 31 December 2021 and 3.56% - 30 September 2021) per annum.

5. Investment securities

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Financial assets at FVTPL	23,066	20,000	20,649
Financial assets at FVTOCI	34,740	34,533	37,831
	<u>57,806</u>	<u>54,533</u>	<u>58,480</u>

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 857 thousand for the period ended 30 September 2022 (KD 338 thousand – 30 September 2021). This financial information has been prepared based on the financial information prepared by the associates' managements.

7. Term loans

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Loans denominated in KD	114,273	105,883	104,937
Loans denominated in USD	7,770	-	-
	<u>122,043</u>	<u>105,883</u>	<u>104,937</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine-month period ended 30 September 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 million - 31 December 2021 and KD 46 million - 30 September 2021) and USD 50 million (31 December 2021 - Nil and 30 September 2021 - Nil).

The weighted average interest rate on KD loans outstanding at 30 September 2022 was 2.99% per annum and on USD loans was 3.03% per annum (2.43% per annum and 2.91% per annum respectively - 31 December 2021 and 2.42% per annum and 2.91% per annum respectively - 30 September 2021).

The Group's outstanding term loans at 30 September 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 118,366 thousand (KD 115,557 thousand - 31 December 2021 and KD 96,495 thousand - 30 September 2021) as security over 11 term loans (12 term loans - 31 December 2021 and 10 term loans - 30 September 2021) with balances outstanding of KD 122,043 thousand (KD 105,883 thousand - 31 December 2021 and KD 104,937 thousand - 30 September 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 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
Salaries and other short-term benefits	130	58	390	267
Post-employment benefits	22	22	351	(76)
	<u>152</u>	<u>80</u>	<u>741</u>	<u>191</u>
<b>b) Instalment debtors</b>				
Balance at 1 January	76	21	76	21
Loan advanced during the period	-	-	-	69
Instalment repayment received	(5)	(2)	(14)	(8)
Balance at 30 September	<u>71</u>	<u>19</u>	<u>62</u>	<u>82</u>

**9. Treasury shares**

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Market value of total treasury shares (KD'000)	4,891	5,933	5,731
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 (losses)/ gains from investments**

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
Unrealised (loss)/ gain on financial assets at FVTPL	(840)	1,403	(261)	2,616
Realised gain on sale of financial assets at FVTPL	-	-	750	88
Dividend income	480	486	1,889	1,586
	<u>(360)</u>	<u>1,889</u>	<u>2,378</u>	<u>4,290</u>

**Notes to the Interim Condensed Consolidated Financial Information for the nine-month period ended 30 September 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 September		Nine-month period ended 30 September	
	2022	2021	2022	2021
Profit for the period	1,347	4,782	8,131	12,077
	<b>Shares</b>			
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	3	9	16	24

**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
<b>At 30 September 2022</b>			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	11,854	(3,241)	8,613
Total assets	170,531	119,512	290,043
Total liabilities	(122,043)	(9,328)	(131,371)
Net assets employed	48,488	110,184	158,672
<b>At 30 September 2021</b>			
Profit before provisions for contribution to KFAS, NLST, Zakat and Directors' remuneration	11,331	1,421	12,752
Total assets	235,365	38,897	274,262
Total liabilities	(114,594)	-	(114,594)
Net assets employed	120,771	38,897	159,668

**13. 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).

**14. 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.

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

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

**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 September 2022	31 December 2021 (Audited)	30 September 2021		
Financial assets at FVTPL - Quoted securities	15,198 183 <u>15,381</u>	14,956 232 <u>15,188</u>	15,823 - <u>15,823</u>	Level 1 Level 1	Financial Institutions Services
Financial assets at FVTPL - Unquoted debt instruments	4,617 3,068	4,812 -	4,826 -	Level 2 Level 2	Financial Institutions Conglomerate
Financial assets at FVOCI - Unquoted funds	520	-	5,050	Level 2	Financial Institutions
Financial assets at FVOCI - Unquoted debt instruments	4,516 1,250 2,500 <u>16,471</u>	3,770 1,250 2,500 <u>12,332</u>	2,942 1,250 2,500 <u>16,568</u>	Level 2 Level 2 Level 2	Financial Institutions Conglomerate Real estate
Financial assets at FVOCI - Unquoted securities	20,354 3,360 1,281 493	22,297 1,633 2,135 494	21,834 1,672 1,605 525	Level 3 Level 3 Level 3	Real Estate Conglomerate Financial Institutions Services
Financial assets at FVOCI - Unquoted debt instruments	466 25,954 <u>57,806</u>	454 27,013 <u>54,533</u>	453 26,089 <u>58,480</u>	Level 3	Financial Institutions

Movement in level 3 is as follows:

	30 September 2022	31 December 2021 (Audited)	30 September 2021
Opening balance as at 1 January 2022	27,013	28,842	23,766
Change in fair value	105	(4,314)	(445)
Purchases/ transfers	2,246	5,700	4,223
Sales	(3,410)	(3,215)	(1,455)
Closing balance as at 30 September 2022	<u>25,954</u>	<u>27,013</u>	<u>26,089</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. 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.

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

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

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**15. 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.