

SICO BSC (c)
**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**
30 JUNE 2022

Comprehensive investment services for the Bahrain and GCC securities market

Commercial registration : 33469

Board of Directors : Abdulla bin Khalifa Al Khalifa
Chairman of the Board and the Investment Committee

Hisham Al Kurdi
Vice Chairman of the Board & the Investment Committee

Khalid Jasim
Member of the Board & the Investment Committee

Waleed Al-Hashar
Member of the Board & the Investment Committee

Mohammed Abdulla
*Member of the Board & Chairman of the Nominations, Remuneration
& Corporate Governance Committee*

Khurram Ali Mirza
*Member of the Board & Vice Chairman of Nominations,
Remuneration & Corporate Governance Committee*

Dana Raees
*Member of the Board & the Nominations, Remuneration &
Corporate Governance Committee*

Tala Fakhro
*Member of the Board & Chairperson of the Audit, Risk and
Compliance Committee*

Abdulla Kamal
*Member of the Board & Vice Chairman of the Audit, Risk and
Compliance Committee*

Naseema Haider
Member of the Board & the Audit, Risk and Compliance Committee

Chief Executive Officer : Najla M. Al Shirawi

Office : BMB Centre
P.O. Box 1331, Kingdom of Bahrain
Telephone 17515000, Fax 17514000

Bankers : BBK BSC

Auditors : KPMG Fakhro

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the period ended 30 JUNE 2022

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Independent auditors' report on review of condensed consolidated interim financial information

The Board of Directors

SICO BSC (c)

P.O. Box 1331

Manama

Kingdom of Bahrain

Introduction

We have reviewed the accompanying 30 June 2022 condensed consolidated interim financial information of SICO BSC (c) (the "Bank") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2022;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2022;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2022;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2022;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2022; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 30 June 2022 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

11 August 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

Bahraini Dinars '000

	Note	30 June 2022 (reviewed)	31 December 2021 (audited)
ASSETS			
Cash and bank balances		62,456	74,831
Treasury bills		15,054	2,998
Securities bought under repurchase agreements		129,556	117,938
Investments at fair value through profit or loss	12	25,545	26,948
Investments at fair value through other comprehensive income	13	10,144	10,614
Investments at amortised cost		9,925	9,935
Fees receivable		2,260	5,714
Other assets		10,738	12,431
Property and equipment		1,136	242
Intangible assets and goodwill	14	1,757	1,870
Total assets		268,571	263,521
LIABILITIES AND EQUITY			
Liabilities			
Short-term bank borrowings		8,355	8,411
Securities sold under repurchase agreements		137,067	125,210
Customer accounts		40,989	47,149
Other liabilities		8,771	9,245
Payable to other unit holders in consolidated funds		2,489	2,694
Total liabilities		197,671	192,709
Equity			
Share capital		44,134	42,849
Shares under employee share incentive scheme		(2,263)	(2,263)
Statutory reserve		8,982	8,982
General reserve		3,217	3,217
Investments fair value reserve		955	1,540
Retained earnings		13,800	14,540
Equity attributable to the shareholders of the Bank		68,825	68,865
Non-controlling interest		2,075	1,947
Total equity (page 5)		70,900	70,812
Total liabilities and equity		268,571	263,521

The condensed consolidated interim financial information were approved by the Board of Directors on 11 August 2022 and signed on its behalf by:



Abdulla Bin Khalifa Al Khalifa
Chairman



Hisham Al Kurdi
Vice Chairman



Najla M. Al Shirawi
Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2022

Bahraini Dinars '000

	Note	Six months ended 30 June		Three months ended 30 June	
		2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)
Net investment income / (loss)	15	668	2,732	(1,518)	1,560
Net fee income		5,229	2,264	3,736	1,311
Brokerage and other income		1,490	1,530	669	785
Net interest income		1,138	846	599	441
Income from investment property		-	3	-	(19)
Total income		8,525	7,375	3,486	4,078
Staff cost		3,734	2,889	1,924	1,544
Other operating expenses		2,146	1,470	1,293	855
Share of profit / (loss) of other unit holders in consolidated funds		44	259	(185)	139
Total expenses		5,924	4,618	3,032	2,538
Profit for the period		2,601	2,757	454	1,540
Profit attributable to:					
Shareholders of the Bank		2,473	2,785	276	1,568
Non-controlling interests		128	(28)	178	(28)
		2,601	2,757	454	1,540
Basic and diluted earnings per share (fils)		5.87	6.87	0.65	3.74



 Abdulla Bin Khalifa Al Khalifa
 Chairman



 Hisham Al Kurdi
 Vice Chairman



 Najla M. Al Shirawi
 Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2022

Bahraini Dinars '000

	Six months ended 30 June		Three months ended 30 June	
	2022 (reviewed)	2021 (reviewed)	2022 (reviewed)	2021 (reviewed)
Profit for the period	2,601	2,757	454	1,540
Other comprehensive income				
Items that are or may be reclassified to profit or loss in subsequent periods:				
Net changes in fair value of FVOCI debt instruments	(225)	(5)	(114)	8
Items that will not be reclassified to profit or loss in subsequent periods:				
Net change in fair value of FVOCI equity instruments	(81)	474	(522)	222
Other comprehensive income for the period	(306)	469	(636)	230
Total comprehensive income for the period	2,295	3,226	(182)	1,770
Total comprehensive income attributable to:				
Shareholders of the Bank	2,167	3,254	(360)	1,798
Non-controlling interests	128	(28)	178	(28)
	2,295	3,226	(182)	1,770

The accompanying notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

SICO BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2022

Bahraini Dinars '000

2022 (reviewed)

	Share capital	Shares under employee share incentive scheme	Statutory reserve	General reserve	Investments fair value reserve	Retained earnings	Total owners' equity	Non-controlling interest	Total equity
Balance at 1 January 2022	42,849	(2,263)	8,982	3,217	1,540	14,540	68,865	1,947	70,812
Profit for the period	-	-	-	-	-	2,473	2,473	128	2,601
Other comprehensive income:									
Net change in fair value of FVOCI instruments	-	-	-	-	(306)	-	(306)	-	(306)
Total other comprehensive income	-	-	-	-	(306)	-	(306)	-	(306)
Total comprehensive income for period	-	-	-	-	(306)	2,473	2,167	128	2,295
Amount transferred to retained earnings on sale of FVOCI equity instruments	-	-	-	-	(279)	279	-	-	-
Transfer to charitable donation reserve	-	-	-	-	-	(65)	(65)	-	(65)
Transaction with owners recognised directly in equity:									
Stock dividend (note 9)	1,285	-	-	-	-	(1,285)	-	-	-
Cash dividend for 2021 (note 9)	-	-	-	-	-	(2,142)	(2,142)	-	(2,142)
Balance at 30 June 2022	44,134	(2,263)	8,982	3,217	955	13,800	68,825	2,075	70,900

The accompanying notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

SICO BSC (c)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2022 (continued)

Bahraini Dinars '000

2021 (reviewed)

	Share capital	Treasury shares	Shares under employee share incentive scheme	Statutory reserve	General reserve	Investments fair value reserve	Retained earnings	Total owners' equity	Non-controlling interest	Total equity
Balance at 1 January 2021	42,849	(5,322)	(2,263)	8,330	3,217	992	10,520	58,323	-	58,323
Profit for the period	-	-	-	-	-	-	2,785	2,785	(28)	2,757
<i>Other comprehensive income:</i>										
Net change in fair value of FVOCI instruments	-	-	-	-	-	469	-	469	-	469
<i>Total other comprehensive income</i>	-	-	-	-	-	469	-	469	-	469
Total comprehensive income for period	-	-	-	-	-	469	2,785	3,254	(28)	3,226
Transfer to charitable donation reserve	-	-	-	-	-	-	(40)	(40)	-	(40)
Transaction with owners recognised directly in equity:										
Dividends paid for 2020	-	-	-	-	-	-	(2,142)	(2,142)	-	(2,142)
Acquisition of a subsidiary	-	5,322	-	-	-	-	445	5,767	1,831	7,598
Balance at 30 June 2021	42,849	-	(2,263)	8,330	3,217	1,461	11,568	65,162	1,803	66,965

The accompanying notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2022

Bahraini Dinars '000

	30 June 2022 (reviewed)	30 June 2021 (reviewed)
Operating activities		
Net interest received	1,706	1,629
Net purchase of investments at fair value through profit or loss	(18)	(536)
Net sale / (purchase) of investments at fair value through other comprehensive income	472	(826)
Movement in investments at amortised cost	10	9
Net decrease in investment property	-	157
Net (decrease) / increase in customer accounts	(6,160)	11,434
Securities bought under repurchase agreements	(11,618)	(22,891)
Securities sold under repurchase agreements	11,857	25,954
Dividends received	394	418
Net income from investment property	-	22
Recovery on previously written off investment	1,009	-
Movement in brokerage accounts and other receivables	12,014	1,467
Movement in other liabilities	754	190
Payments for staff and related expenses	(4,962)	(2,836)
Payments for other operating expenses	(2,134)	(581)
Net cash generated from operating activities	3,324	13,610
Investing activities		
Net capital expenditure on equipment and intangibles	(1,188)	(63)
Acquisition of subsidiary, net cash acquired	-	5,109
Net cash (used in) / generated from investing activities	(1,188)	5,046
Financing activities		
Repayment of short-term bank borrowings	(56)	(3,700)
Net increase in long-term placements	-	(4,021)
Dividend paid	(2,142)	(2,142)
Contribution by other unit holders in consolidated funds	672	7
Distribution to other unit holders in consolidated funds	(921)	288
Net cash used in financing activities	(2,447)	(9,568)
Net (decrease) / increase in cash and cash equivalents	(311)	9,088
Cash and cash equivalents at the beginning of the period	77,829	55,520
Cash and cash equivalents at the end of the period*	77,518	64,608
Represented by:		
Cash and bank balances	62,456	58,918
Treasury bills	15,054	5,702
	77,510	64,620

* Excludes ECL balance of BD 8 (2021: BD 12).

The accompanying notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

1. Reporting entity

This condensed financial information is the reviewed condensed consolidated interim financial information (the “condensed consolidated interim financial information”) of SICO BSC (c) (“SICO” or the “Bank”) and its subsidiaries (together the “Group”). The Bank operates under a wholesale banking license issued by the Central Bank of Bahrain (the “CBB”).

2. Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34 (Interim Financial Reporting), which permits the interim financial information to be in summarized form.

The condensed consolidated interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2021.

The accounting policies used in the preparation of annual audited consolidated financial information of the Group for the year ended 31 December 2020 and 31 December 2021 were in accordance with IFRS as modified by CBB (refer to the Group’s audited financial statements for the year ended 31 December 2021 for the details of the COVID-19 related modifications applied). Since the CBB modification were specific to the financial year 2020 and no longer apply to both the current and comparative periods presented, the Group’s condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (without any modifications).

3. External events**COVID-19**

The outbreak of the coronavirus disease (“COVID-19”) in 2020 has had multiple implications resulting in a global economic slowdown with uncertainties in the economic environment. The global capital and commodity markets have also experienced great volatility and a significant drop in prices. The Group’s fair valuation exercise primarily relies on quoted prices from active markets for each financial instrument (i.e. Level 1 input) or using observable or derived prices for similar instruments from active markets (i.e. Level 2 input) and has reflected the volatility evidenced during the period and as at the end of the reporting date in its measurement of its financial assets and liabilities carried at fair value. Where fair value measurements was based in full or in part on unobservable inputs (i.e. Level 3), management has used its knowledge of the specific asset/ investee, its ability to respond to or recover from the crisis, its industry and country of operations to determine the necessary adjustments to its fair value determination process.

Governments and central banks across the world have responded with monetary and fiscal interventions to stabilise economic conditions. The Central Bank of Bahrain (“CBB”), along with the Government of Bahrain, have provided numerous reliefs to Bahraini individuals, companies and banks.

Russia-Ukraine conflict

The current ongoing conflict between Russia-Ukraine has triggered a global economic disruption and has, amongst other impacts, led to increased volatility in financial markets and commodity prices due to disruption of supply chain which may affect a broad range of entities across different jurisdictions and industries.

The management has carried out an assessment of its portfolio and has concluded that it does not have any direct exposures to / from the impacted countries. However, potential for indirect exposures continue to exist. At this stage it is difficult to quantify the full impact of this conflict since it depends largely on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets. The management will continue to closely monitor impact of this evolving situation on its portfolio to assess indirect impact, if any. As at 30 June 2022 the Group does not have a material direct impact of this conflict.

4. Accounting policies

The new accounting standards issued and effective as at 1 January 2022 do not have a significant impact on the Group's accounting policies. The condensed consolidated interim financial information has been prepared using the same accounting policies and methods of computation applied in the preparation of the Groups' audited consolidated financial statements for the year ended 31 December 2021 (see note 2).

5. Estimates

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the consolidated financial statements for the year ended 31 December 2021 (see note 2).

6. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual consolidated financial statements and they should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2021. There have been no changes in the risk management department or in any risk management policies since 31 December 2021.

The key regulatory ratios are as follows:

	30 June 2022	31 December 2021
Liquidity Coverage Ratio	268%	170%
Net Stable Funding Ratio (note 18)	130%	139%

The average LCR for the six-months period ended 30 June 2022 was 197% (31 December 2021: 212%).

The Group continues to meet minimum required regulatory liquidity ratios and is also in compliance with the minimum required capital adequacy ratio ("CAR").

7. Operating segments

The Group's lines of business are brokerage, asset management, treasury, investment banking, market making and custody business. At present, the Group's revenue is reviewed by lines of business and the expenses and results are reviewed at Group level. Accordingly, there are no reportable segments.

8. Comparability

Due to nature of the Group's business, the six months' results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results. In particular, dividends and performance fee are not necessarily recognized in the same interim reporting periods each year and are dependent on actions and performances of the investee companies and portfolio performance.

The Bank acquired 72.7% stake in SICO Capital Company ("SCC") on 15 March 2021 and accordingly the financial results were consolidated starting 1 April 2021. Hence, the financial results of first half of 2021 is not comparable to the current period.

9. Appropriations

At the shareholders Annual General Meeting for the year 2021 on 23 March 2022, the shareholders resolved to make the appropriations of the profit for the year ended 31 December 2021, which were effected during the first quarter of 2022. These include cash dividend of BD 2,142 representing 5% of the paid up capital and stock dividend of BD 1,285 representing 3% of the paid up capital and charitable donations of BD 65.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

Bahraini Dinars '000

10. Shares under employee share incentive scheme

The Group has established an Employee Share Incentive scheme (the "Scheme") which is operated through a Trustee. The Trust has been set up by the transfer of shares of the Bank allotted to the employees under the Scheme.

Under the Scheme, employees are entitled to receive shares as part of their bonus in ratios determined by the Board of Directors. The value of the shares is to be determined based on the fair value of the Group's net assets as at the reporting date. This Scheme is treated as a cash-settled share based payment transaction due to the restrictions imposed under the Scheme whereby the employees have to sell back the shares to the Group on resignation/ retirement based on the vesting conditions mentioned in the scheme.

11. Contingencies, commitments and memorandum accounts

	30 June 2022	31 December 2021
Assets under custody	2,771,929	3,105,858
Assets under management **	1,502,763	1,548,353
Guarantees	3,593	3,593
Other commitments	5,809	3,373

** On a gross basis, including leverage, SICO's total AUMs stands at BD 1,667,679 (2021: BD 1,701,226).

12. Investments at fair value through profit or loss

	30 June 2022	31 December 2021
Quoted equity securities – (listed)		
- Parent & Subsidiary	2,626	3,659
- Consolidated funds	4,087	4,523
Funds		
- Quoted	9,139	8,328
- Unquoted	2,361	2,134
Quoted debt securities		
- Parent	3,165	3,724
- Consolidated funds	4,167	4,580
	25,545	26,948

13. Investments at fair value through other comprehensive income

	30 June 2022	31 December 2021
Equity securities		
- Quoted	5,148	5,779
Debt securities		
- Quoted	4,996	4,835
	10,144	10,614

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

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14. Intangible assets and goodwill

	30 June 2022	31 December 2021
Intangibles – software	967	1,030
Goodwill	790	840
	1,757	1,870

15. Net investment income

	Six months ended	
	30 June 2022	30 June 2021
Net (loss) / gain from investments at fair value through profit or loss	(1,451)	1,567
Realised gain on treasury bills	-	2
Other investment income	1,009	-
Interest income from debt instruments	716	737
Dividend income	394	426
	668	2,732

Other investment income represents a non-recurring income of about BD 1 million relating to a recovery of a written-off investment in the prior years.

Net (loss) / gain from investments at fair value through profit or loss comprises the following:

	Six months ended	
	30 June 2022	30 June 2021
Realised gain	1,159	586
Unrealised (loss) / gain	(2,610)	983
	(1,451)	1,569

The realised gain from investments at fair value through profit or loss represents the difference between the carrying amount of investments at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its sale or settlement price.

The unrealised (loss) / gain represents the difference between the carrying amount of investments at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**For the six months ended 30 June 2022**

Bahraini Dinars '000

16. Related parties

The following are the related party transactions during the period. All of these transactions are in the ordinary course of business and on normal commercial terms.

Transactions with funds owned by the subsidiary companies namely SICO Funds Company BSC (c), SICO Funds Company III BSC (c), SICO Funds Company IV BSC (c), SICO Funds Company VI BSC (c), SICO Funds Company VIII BSC (c), SICO Ventures Company WLL, SICO Funds Company IX BSC (c), SICO Funds Services Company BSC (c), and SICO Capital are as follows:

	Six months ended	
	30 June 2022	30 June 2021
Fee income	501	266

	30 June 2022	31 December 2021
Fee receivable	59	949
Funds under management	73,363	75,436
Investments in own funds	4,968	2,780
Securities bought under repurchase agreements	-	2,775

Transactions with shareholders:

	Six months ended	
	30 June 2022	30 June 2021
Fee income	1,239	453

	30 June 2022	31 December 2021
Fee Receivable	320	2,634
Fee Payable	245	-
Funds under management	74,276	101,146
Placements	8,858	7,178
Borrowings	8,355	8,411
Securities sold under repurchase agreements	46,965	52,263
Investment	2,988	3,819

The Group has banking relationships, makes deposits and placements and has utilised and unutilised credit facilities with certain of its shareholders that are banks.

17. Fair value

(i) Set out below is a comparison of the carrying amounts and fair values of financial instruments:

	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and bank balances	62,456	62,456	74,831	74,878
Treasury bills	15,054	15,054	2,998	2,998
Securities bought under repurchase agreements	129,556	129,889	117,938	118,136
Investments at fair value through profit or loss	25,545	25,545	26,948	26,948
Investments at fair value through other comprehensive income	10,144	10,144	10,614	10,614
Investments at amortised cost	9,925	9,958	9,935	10,705
Total assets	252,680	253,046	243,264	244,279
Liabilities				
Short-term bank borrowings	8,355	8,358	8,411	8,420
Securities sold under repurchase agreements	137,067	137,300	125,210	125,309
Payable to unit holders	2,489	2,489	2,694	2,694
Total liabilities	147,911	148,147	136,315	136,423

All investments at fair value through other comprehensive income and investments at fair value through profit or loss are carried at fair value. Investments at amortised cost are carried at amortised cost.

(ii) Fair value hierarchy

The Group measures fair values of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements from the date of reclassification.

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

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes instruments where the valuation technique includes inputs not based on market observable data.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

Bahraini Dinars '000

17. Fair value (continued)

The tables below analyses financial assets and liabilities carried at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorised.

As at 30 June 2022

Assets

Investments at fair value through profit or loss:

	Level 1	Level 2	Level 3	Total
- Debt securities	7,332	-	-	7,332
- Equity	6,713	-	-	6,713
- Funds	9,139	-	2,361	11,500
Investment at fair value through other comprehensive income:				
- Debt securities	4,996	-	-	4,996
- Equities	4,771	377	-	5,148
	32,951	377	2,361	35,689

As at 31 December 2021

Assets

Fair value through profit or loss:

	Level 1	Level 2	Level 3	Total
- Debt securities	8,304	-	-	8,304
- Equities	8,182	-	-	8,182
- Funds	8,328	-	2,134	10,462
Fair value through other comprehensive income investments:				
- Debt securities	4,835	-	-	4,835
- Equities	5,402	377	-	5,779
	35,051	377	2,134	37,562

The following tables analyses the movement in Level 3 financial assets during the period:

	Level 3 30 June 2022	Level 3 30 June 2021
At 1 January	2,134	1,143
Total loss:		
- in income statement	(65)	(185)
- in other comprehensive income		
Purchases	292	968
Settlements		
Transfers into / (out) of level 3		
At 30 June	2,361	1,926

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

Bahraini Dinars '000

18. Net stable funding ratio (NSFR)

In August 2018, the Central Bank of Bahrain issued its regulations on Liquidity Risk Management (Module LM). The main objective of the NSFR is to promote the resilience of the banking system by improving the funding profile of banks by ensuring they have sufficient level of stable funding in relation to their assets and commitments. The NSFR thus promotes banks to rely on funding from stable sources and long-term borrowing in order to reduce the risks of disruptions which might impact the bank's liquidity position.

As per CBB Module LM, banks are required to meet the minimum NSFR of at least 100% on a continuous basis. This ratio was relaxed to 80% due to the pressures within the banking sector following the COVID-19 pandemic. However, the concessionary measures have been discontinued with effect from 1 July 2022 and the minimum requirement shall continue to be 100%.

Further details on the calculation of the NSFR is presented in the following tables.

30 June 2022	Unweighted values (before applying factors)				Total weighted value
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
Available stable funding (ASF):					
Capital:					
Regulatory capital	71,082	-	-	94	71,176
Retail deposits and deposits from small business customers:					
Less stable deposits	-	15,233	-	-	13,710
Other liabilities:					
NSFR derivative liabilities					
All other liabilities not included in above categories	-	185,042	-	-	2,452
Total ASF					87,338
Required stable funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)					
	31,164	-	-	-	2,461
Deposits held at other financial institutions for operational purposes					
Performing loans and securities:					
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	27,981	-	-	13,991
Other assets:					
All other assets not included in the above categories	12,792	193,659	-	-	50,478
Off-balance sheet items	70,83	-	-	-	390
Total RSF					67,320
NSFR %					130%

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18. Net stable funding ratio (NSFR) (continued)

31 December 2021	Unweighted values (before applying factors)				Total weighted value
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
Available stable funding (ASF):					
Capital:					
Regulatory capital	67,781	-	-	130	67,911
Retail deposits and deposits from small business customers:					
Less stable deposits	-	13,451	-	-	12,106
Other liabilities:					
All other liabilities not included in above categories	-	175,441	2,993	-	4,406
Total ASF					84,423
Required stable funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	20,592	-	-	-	2,155
Performing loans and securities:					
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	28,542	-	-	14,271
Other assets:					
All other assets not included in the above categories	7,915	194,000	-	-	44,076
Off-balance sheet items	6,966	-	-	-	348
Total RSF					60,850
NSFR %					139%