

United Gulf Holding Company B.S.C.

Interim Condensed Consolidated Financial Statements
for the three-month period ended 31 March 2024 (Reviewed)

United Gulf Holding Company B.S.C.

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United Gulf Holding Company B.S.C.
General information

Commercial registration number	114160
Board of directors	Masoud Hayat Faisal Al Ayyar Khalid Al Sharrad Sunny Bhatia Mazen Hawwa Mubarak Al Maskati Bader Al Awadhi Mohammed Haroon
Chief Executive Officer	Hussain A. Lalani
Registered address	PO Box 5565, Office 12, Building 440, Road 1705, Block 317, Diplomatic area, Kingdom of Bahrain
Auditor	RSM Bahrain PO Box 11816, Manama Kingdom of Bahrain

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To the Board of Directors of United Gulf Holding Company B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of United Gulf Holding Company B.S.C. (the "Company") and its subsidiaries (together, the "Group") as at 31 March 2024, and the related interim condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows for the three-month period then ended. The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting. 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.

Other matters

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2023 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 11 May 2023.



RSM Bahrain

Partner's registration no. 152

Manama, Kingdom of Bahrain

14 May 2024

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United Gulf Holding Company B.S.C.

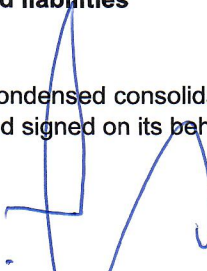
Interim condensed consolidated statement of financial position

As at 31 March 2024

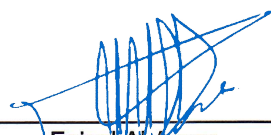
(in US Dollars '000)

	Note	31 March 2024 <i>(Reviewed)</i>	31 December 2023 <i>(Audited)</i>	(Restated) 31 March 2023 <i>(Reviewed)</i>
Assets				
Demand and call deposits with banks	3	188,991	271,140	254,884
Placements with banks	3	195,143	326,761	317,379
Investments at fair value through profit or loss		577,049	522,006	473,967
Investments at fair value through other comprehensive income		308,365	317,418	303,577
Investments carried at amortised cost		16,215	28,399	39,302
Loans and receivables		525,200	495,561	444,321
Other assets		108,492	103,256	114,226
Investment in associates		805,851	755,132	749,290
Investment properties		149,047	149,646	121,490
Property and equipment		39,918	40,908	42,052
Goodwill and other intangible assets		64,398	64,775	66,039
Assets held-for-sale	5	-	-	27,300
Total assets		2,978,669	3,075,002	2,953,827
Liabilities and equity				
Liabilities				
Due to banks and other financial institutions		446,152	561,366	573,373
Deposits from customers		922,069	949,143	856,092
Loans payables		1,046,122	1,007,334	900,017
Long term bonds		-	-	130,442
Subordinated debt	8	57,500	45,000	-
Other liabilities		111,227	107,224	120,327
Total liabilities		2,583,070	2,670,067	2,580,251
Equity				
Share capital	6	219,547	219,547	219,547
Share premium		169,558	169,558	169,558
Treasury shares		(320)	(320)	(320)
Treasury share reserve		(1,518)	(1,518)	(1,518)
Statutory reserve		3,285	3,285	3,285
Fair value reserve		(71,820)	(73,335)	(109,628)
Foreign currency translation reserve		(30,919)	(27,261)	(15,021)
Accumulated deficit		(82,745)	(73,923)	(56,957)
Equity attributable to the shareholders of the Parent		205,068	216,033	208,946
Perpetual Additional Tier 1 Capital	7	33,000	33,000	33,000
Non-controlling interests		157,531	155,902	131,630
Total equity		395,599	404,935	373,576
Total equity and liabilities		2,978,669	3,075,002	2,953,827

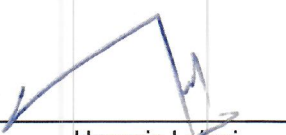
These interim condensed consolidated financial statements were approved by the Board of Directors on 14 May 2024 and signed on its behalf by:



 Masaud Hayat
 Chairman



 Faisal Al Ayyar
 Vice Chairman



 Hussain Lafani
 Chief Executive Officer

Notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

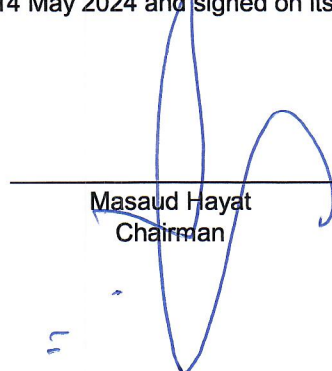
Interim condensed consolidated statement of income

For the three-month period ended 31 March 2024


(in US Dollars '000)

	Three-month period ended 31 March	
	2024 <i>(Reviewed)</i>	2023 <i>(Reviewed)</i>
Interest income	28,249	26,703
Investment income - net	4,147	850
	32,396	27,553
Fees and commissions - net	11,538	11,203
Foreign currency gains / (losses) - net	3,778	(627)
Share of results of associates	9,159	756
Total income	56,871	38,885
Interest expense	(36,198)	(29,355)
Operating income before expenses and provisions	20,673	9,530
Salaries and benefits	(16,892)	(14,908)
General and administrative expenses	(9,281)	(9,841)
Operating loss before provisions and tax	(5,500)	(15,219)
Net impairment reversal on investments	31	-
Reversal of provision / (Provision) - net	546	(1,040)
Net loss before tax	(4,923)	(16,259)
Tax expense	(2,019)	(1,213)
Net loss for the period	(6,942)	(17,472)
Net profit / (loss) attributable to non-controlling interests	1,735	(1,303)
Net loss attributable to shareholders of the Parent	(8,677)	(16,169)
Loss per share		
Basic and diluted loss per share attributable to shareholders of the Parent (US cents)	(1.98)	(3.69)

These interim condensed consolidated financial statements were approved by the Board of Directors on 14 May 2024 and signed on its behalf by:


Masaud Hayat
Chairman


Faisal Al Ayyar
Vice Chairman


Hussain Lalani
Chief Executive Officer

Notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.Interim condensed consolidated statement of other comprehensive income
For the three-month period ended 31 March 2024

(in US Dollars '000)

	Three-month period ended 31 March	
	2024 <i>(Reviewed)</i>	(Restated) 2023 <i>(Reviewed)</i>
Net loss for the period	(6,942)	(17,472)
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Foreign currency translation adjustments	(3,678)	(453)
Net share of other comprehensive (loss) / gain of associates	(3,615)	10,248
Net change in fair value of debt investments measured at FVTOCI	120	4,736
Net change in cash flow hedges	452	(3,369)
	(6,721)	11,162
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Net change in fair value of equity investments measured at FVTOCI	3,001	121
	3,001	121
Other comprehensive (loss) / income for the period	(3,720)	11,283
Total comprehensive (loss) for the period	(10,662)	(6,189)
Total comprehensive (loss) / income attributable to:		
- Shareholders of the Parent	(13,669)	(4,999)
- Non-controlling interests	3,007	(1,190)
	(10,662)	(6,189)

Notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

Interim condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024

(in US Dollars '000)

	<i>Attributable to equity holders of the Parent Company</i>								Perpetual Additional Tier 1 Capital	Non- Controlling interests	Total equity	
	Share Capital	Share Premium	Treasury Shares	Treasury Share reserve	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Accumulated deficit				Total
As at 1 January 2024	219,547	169,558	(320)	(1,518)	3,285	(73,335)	(27,261)	(73,923)	216,033	33,000	155,902	404,935
Net (loss) / profit for the period	-	-	-	-	-	-	-	(8,677)	(8,677)	-	1,735	(6,942)
Other comprehensive (loss) / income	-	-	-	-	-	(1,334)	(3,658)	-	(4,992)	-	1,272	(3,720)
Total comprehensive (loss) / income for the period	-	-	-	-	-	(1,334)	(3,658)	(8,677)	(13,669)	-	3,007	(10,662)
Transfer upon disposal of equity investments carried at FVTOCI	-	-	-	-	-	2,849	-	(2,849)	-	-	-	-
Other equity movements of associates	-	-	-	-	-	-	-	2,704	2,704	-	-	2,704
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,378)	(1,378)
As at 31 March 2024 (Reviewed)	219,547	169,558	(320)	(1,518)	3,285	(71,820)	(30,919)	(82,745)	205,068	33,000	157,531	395,599
As at 1 January 2023	219,547	169,558	(320)	(1,518)	3,285	(121,205)	(14,689)	(40,687)	213,971	33,000	127,752	374,723
Net (loss) for the period	-	-	-	-	-	-	-	(16,169)	(16,169)	-	(1,303)	(17,472)
Other comprehensive income / (loss) (restated)	-	-	-	-	-	11,502	(332)	-	11,170	-	113	11,283
Total comprehensive (loss) / income for the period (restated)	-	-	-	-	-	11,502	(332)	(16,169)	(4,999)	-	(1,190)	(6,189)
Transfer upon disposal of equity investments carried at FVTOCI	-	-	-	-	-	75	-	(75)	-	-	-	-
Other equity movements of associates	-	-	-	-	-	-	-	(26)	(26)	-	-	(26)
Other movements in non-controlling interests	-	-	-	-	-	-	-	-	-	-	5,067	5,067
As at 31 March 2023 (Reviewed) (Restated)	219,547	169,558	(320)	(1,518)	3,285	(109,628)	(15,021)	(56,957)	208,946	33,000	131,629	373,575

Notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

Interim condensed consolidated statement of cash flows

For the three-month period ended 31 March 2024

(in US Dollars '000)

	Note	Three-month period ended 31 March	
		2024 <i>(Reviewed)</i>	(Restated) 2023 <i>(Reviewed)</i>
Cash flows from operating activities:			
Net loss for the period before tax		(4,923)	(16,259)
Adjustments for non-cash items:			
Depreciation and amortisation		1,657	1,498
Share of results of associates		(9,159)	(756)
(Reversal of provision) / Provision - net		(546)	1,040
Net impairment reversal on investments		(31)	-
(Gain) / loss on investments at FVTPL		(3,645)	505
Interest income		(28,249)	(22,580)
Interest expense		36,198	29,355
Changes in operating assets and liabilities:			
Placements with banks		(3,056)	10,743
Investments at FVTPL		(51,398)	76,920
Investments at FVTOCI		6,083	9,486
Investments carried at amortised cost		12,184	4,695
Loans and receivables		(28,059)	4,988
Other assets		(10,661)	2,875
Due to banks and other financial institutions		(115,214)	(49,173)
Deposits from customers		(27,073)	(2,593)
Other liabilities		2,725	2,993
Interest received		31,074	22,743
Interest paid		(34,919)	(32,681)
Donations		-	(245)
Directors' remuneration		-	(200)
Net cash (used in) / generated from operating activities		(227,012)	43,354
Cash flows from investing activities:			
Payment for property and equipment - net		(667)	(927)
Payment for non-current asset classified as held for sale		-	(24,994)
Investment in associates - net		(40,585)	903
Net cash used in investing activities		(41,252)	(25,018)
Cash flows from financing activities:			
Proceeds from issue of subordinated debt		12,500	-
Proceeds from loans payables - net		38,788	7,981
Movement in non-controlling interests		(106)	5,067
Net cash provided by financing activities		51,182	13,048
Foreign currency translation adjustments		259	(225)
Net change in cash and cash equivalents		(216,823)	31,159
Cash and cash equivalents as at the beginning of the period	3	561,714	509,074
Cash and cash equivalents as at the end of the period	3	344,891	540,233

Notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

United Gulf Holding Company B.S.C.

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

1. Incorporation and principal activities

United Gulf Holding Company B.S.C. ("the Company") is a joint stock company incorporated in the Kingdom of Bahrain on 28 June 2017 under Commercial Registration number 114160 and is listed on the Bahrain Bourse. The Company's registered office is situated at UGB Tower, Diplomatic Area, P.O. Box 5565, Manama, Kingdom of Bahrain.

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

The Company's parent and ultimate holding company is Kuwait Projects Company (Holding) K.S.C. ("KIPCO"), a company incorporated in the State of Kuwait and listed on the Kuwait Stock Exchange (Boursa Kuwait). As at 31 March 2024, KIPCO owned 98% of the Company's outstanding shares (31 December 2023: 98%).

These interim condensed consolidated financial statements were authorised for issue by the Company's Board of Directors on 14 May 2024.

2. Basis of preparation and material accounting policies

2.1. Basis of preparation

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2024 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.

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 2023.

2.2. Presentation and functional currency

The interim condensed consolidated financial statements have been presented in United States Dollar (USD), which is also the functional currency of the Company, and are rounded to the nearest USD thousands, unless otherwise indicated.

2.3. New and amended standards and interpretations adopted by the Group

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in previous year, except for the adoption of the following new and amended standards and interpretation applicable to the Group, and which are effective for annual periods beginning on or after 1 January 2024. The adoption of below new and amended standards and interpretations did not have any significant impact on the Group's interim condensed consolidated financial statements.

- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 - Non-current liabilities with Covenants

United Gulf Holding Company B.S.C.

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

2.4. Basis of consolidation

These interim condensed consolidated financial statements include the interim condensed financial statements of the Company and its subsidiaries as at and for the three-month period ended 31 March 2024. 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 2023.

The principal subsidiaries of the Company are as follows:

Name of the subsidiary	Country of incorporation	Ownership % at		Year of incorporation
		31 March 2024	31 December 2023	
<i>Held directly</i>				
United Gulf Bank B.S.C. (c) [UGB]	Bahrain	100%	100%	1980
FIMBank Group [FIMBank]	Malta	80%	80%	1994
Hatoon Real Estate Company	Kuwait	100%	100%	2008
Syria Gulf Investment Company	Syria	99%	99%	2007
United Gulf Financial Services Company North Africa [UGFS-NA]	Tunisia	84%	84%	2008
<i>Held through UGB</i>				
KAMCO Investment Company K.S.C.P. [KAMCO]	Kuwait	60%	60%	1998
United Gulf Realty International, Ltd [UGRIL]	B.V.I.	100%	100%	2012
Manafae Investment Company N.S. 88	Kuwait Bahrain	54% 77%	54% 77%	2005 2007
<i>Held through FIMBank</i>				
India Factoring and Finance Solutions Private Limited	India	87%	87%	2010
London Forfaiting Company Limited	U.K.	100%	100%	2009
London Forfaiting International Limited	U.K.	100%	100%	2009
London Forfaiting Americas Inc.	U.S.A.	100%	100%	2009
London Forfaiting do Brasil Ltd.	Brazil	100%	100%	2009
FIM Factors B.V.	Netherlands	100%	100%	2009
FIM Business Solutions Limited	Malta	100%	100%	2009
FIM Property Investment Limited	Malta	100%	100%	2010
The Egyptian Company for Factoring S.A.E.	Egypt	100%	100%	2016
<i>Held through KAMCO</i>				
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 Global Fund (Formerly KAMCO GCC Opportunistic Fund)	Kuwait	66%	61%	2013

United Gulf Holding Company B.S.C.

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(in US Dollars '000)

Name of the subsidiary	Country of incorporation	Ownership % at		Year of incorporation
		31 March 2024	31 December 2023	
Held through KAMCO (continued)				
KAMCO MENA Plus Fixed Income Fund OEIC Ltd	U.A.E.	54%	54%	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%	96%	2017
Plans United Real Estate Co.	Kuwait	100%	100%	2017
HP Plaza Investor Inc.	Jersey	100%	100%	2019
KAMCO Investment Company Ltd.	U.K.	100%	-	2023
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
Held through UGFS-NA				
United Gulf Financial Services UGAS	Tunisia	100%	100%	2010

3. Cash and cash equivalents

	31 March 2024	31 December 2023	31 March 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>
Demand and call deposits with banks	188,991	271,140	254,884
Placements with banks	195,143	326,761	317,379
	384,134	597,901	572,263

Reconciliation to cash and cash equivalents at the end of the financial period / year

The above figures are reconciled to cash and cash equivalents at the end of the financial period / year as shown in the statement of cash flows as follows:

Time deposits with original maturities of more than ninety days	29,534	27,714	20,561
Mandatory reserves	9,907	8,715	11,813
Expected credit losses	(198)	(242)	(344)
Cash and cash equivalents as per interim statement of cash flows	344,891	561,714	540,233

4. Movement in expected credit losses (ECL)

The movement in the expected credit losses is as follows:

	Stage 1	Stage 2	Stage 3	Total
As at 1 January 2024	19,226	3,579	19,816	42,621
Transfer from Stage 1	(32)	3	29	-
Net remeasurement of loss allowances	606	554	(1,737)	(577)
Written-off during the period as uncollectible	-	-	(281)	(281)
Foreign exchange and other adjustments	(369)	(328)	1,582	885
As at 31 March 2024 (Reviewed)	19,431	3,808	19,409	42,648

United Gulf Holding Company B.S.C.

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(in US Dollars '000)

	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
As at 1 January 2023	20,134	3,803	78,030	101,967
Transfer from Stage 1	(2,112)	2,060	52	-
Net remeasurement of loss allowances	373	(217)	884	1,040
Written-off during the period as uncollectible	-	-	(303)	(303)
Foreign exchange and other adjustments	(25)	-	409	384
As at 31 March 2023 (Reviewed)	<u>18,370</u>	<u>5,646</u>	<u>79,072</u>	<u>103,088</u>

5. Assets held-for-sale

In the prior period ended 31 March 2023, the Group made an investment in certain special purpose vehicles (the "SPV Entities") with a carrying value amounting to USD 25 million classified in accordance with IFRS 5 - Non-current Assets held for sale upon initial recognition, and subsequently disposed in totality the interest in these SPV Entities.

6. Share capital

	<u>31 March 2024</u>	<u>31 December 2023</u>	<u>31 March 2023</u>
	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Reviewed)</i>
Authorised share capital:			
Number of shares (in thousands)	505,400	505,400	505,400
Par value (USD)	0.50	0.50	0.50
	<u>252,700</u>	<u>252,700</u>	<u>252,700</u>
Issued and fully paid up share capital:			
Number of shares (in thousands)	439,094	439,094	439,094
Par value (USD)	0.50	0.50	0.50
	<u>219,547</u>	<u>219,547</u>	<u>219,547</u>

7. Perpetual Additional Tier 1 Capital

On 28 March 2016, UGB (a subsidiary) issued Perpetual Additional Tier 1 Capital (the "AT1 Capital") amounting to USD 33 million. The AT1 Capital constitutes subordinated obligations of UGB and is classified as equity. 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 UGB at its sole discretion on any interest payment date subject to the prior consent of the Central Bank of Bahrain.

UGB at its sole discretion may elect not to distribute interest and this is not considered an event of default. If UGB does not pay interest on the AT1 Capital (for whatever reason), then UGB must not make any other distribution on or with respect to its other shares that rank equally with or junior to the AT1 Capital.

8. Subordinated debt

As of 31 March 2024, the Parent has advanced subordinated loan facility amounting to USD 57.5 million (31 December 2023: USD 45 million). This facility is interest free with a maturity date of 30 June 2024 and is repayable in the form of shares, owned by the Group in an affiliate, that is equivalent to the outstanding liability.

9. Segmental Information

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the management, which is responsible for allocating resources to the reportable segments and assessing their performance. All operating segments reported by the Group meet the definition of a reportable segment under IFRS 8.

United Gulf Holding Company B.S.C.

Notes to the interim condensed consolidated financial statements

For the three-month period ended 31 March 2024

(in US Dollars '000)

For management purposes, the Group is organized into business units based on the nature of their operations and services. The Group has two reportable operating segments being 'asset management and investment banking' and 'commercial banking'.

Asset management Undertaking asset portfolio management, corporate finance, advisory, investments in and investment quoted and private equity/funds, real estate, capital markets, international banking and banking (AMIB) treasury activities.

Commercial Loans and other credit facilities, deposit and current accounts from corporate and banking institutional customers.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Transactions between segments are generally recorded at estimated market rates.

9.1. Segment information of interim condensed consolidated statement of income for the three-month periods ended 31 March 2024 and 31 March 2023 was as follows:

	AMIB	Commercial banking	Eliminations	Consolidated
2024				
Income from external customers	23,579	24,712	(579)	47,712
Share of results of associates	4,207	4,952	-	9,159
Total income	27,786	29,664	(579)	56,871
Interest expense	(23,994)	(12,783)	579	(36,198)
Salaries and benefits	(10,415)	(6,477)	-	(16,892)
General and administrative expenses	(5,496)	(3,785)	-	(9,281)
Operating (loss) / income before ECL, impairment and taxation	(12,119)	6,619	-	(5,500)
Net impairment reversal on investments	-	31	-	31
Reversal of provision / (Provision) - net	(1,036)	1,582	-	546
Tax expense	(309)	(1,710)	-	(2,019)
Net (loss) / profit for the period	(13,464)	6,522	-	(6,942)
Loss attributable to equity shareholders of the Parent				(8,677)
Profit attributable to non-controlling interests				1,735
Net loss for the period				(6,942)
2023 (Restated)				
Income from external customers	16,052	22,612	(535)	38,129
Share of results of associates	(2,955)	3,711	-	756
Total income	13,097	26,323	(535)	38,885
Interest expense	(22,067)	(7,823)	535	(29,355)
Salaries and benefits	(8,705)	(6,203)	-	(14,908)
General and administrative expenses	(5,724)	(4,117)	-	(9,841)
Operating (loss) / income before ECL, impairment and taxation	(23,399)	8,180	-	(15,219)
(Provision)	(642)	(398)	-	(1,040)
Tax expense	(183)	(1,030)	-	(1,213)
Net (loss) / profit for the period	(24,224)	6,752	-	(17,472)
Loss attributable to equity shareholders of the Parent				(16,169)
Loss attributable to non-controlling interests				(1,303)
Net loss for the period				(17,472)

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9.2. Segment information of interim condensed consolidated statement of financial position as at 31 March 2024 and for the year ended 31 December 2023 was as follows:

	AMIB	Commercial banking	Eliminations	Consolidated
2024				
Investments in associates	200,045	605,806	-	805,851
Segment total assets	1,103,114	2,053,882	(178,327)	2,978,669
Segment total liabilities	1,349,612	1,266,038	(32,580)	2,583,070
2023				
Investments in associates	152,065	603,067	-	755,132
Segment total assets	1,080,861	2,186,463	(192,322)	3,075,002
Segment total liabilities	1,301,022	1,402,390	(33,345)	2,670,067

10. Related party transactions and balances

Related parties represent the parent, ultimate 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.

10.1. The income and expenses in respect of related parties transactions during the period and included in the interim condensed consolidated financial statements are as follows:

	Major shareholders	Associates	Other related parties	Total
Three-month period ended 31 March 2024 (Reviewed)				
Investment income - net	26	-	142	168
Fees and commissions income - net	953	510	304	1,767
Rental income	275	-	-	275
Interest income	55	118	113	286
Interest expense	-	(10,945)	(3,277)	(14,222)
General and administrative expenses	(8)	(1,904)	(491)	(2,403)
Three-month period ended 31 March 2023 (Reviewed)				
Investment income - net	-	-	19	19
Fees and commissions - net	903	2,042	13	2,958
Rental income	270	-	-	270
Interest income	157	160	525	842
Interest expense	(2)	(8,967)	(2,431)	(11,400)
General and administrative expenses	-	-	(701)	(701)

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

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10.2. The period-end balances in respect of related parties included in the interim and annual condensed consolidated financial statements are as follows:

	Major shareholders	Associates	Other related parties	Total
As at 31 March 2024 (Reviewed)				
Demand and call deposits with banks	-	11,621	513	12,134
Placements with banks	-	-	18,233	18,233
Investments at FVTPL	18	2,176	2,467	4,661
Investments at FVTOCI	-	41	111,863	111,904
Investments carried at amortised cost	-	-	-	-
Loans and receivables	-	7,148	4,373	11,521
Other assets	2,468	11,432	834	14,734
Due to banks and other financial institutions	-	(37,035)	(60,065)	(97,100)
Deposits from customers	(18)	(2,130)	(4,853)	(7,001)
Loans payable	-	(509,812)	(53,900)	(563,712)
Subordinated debt	(57,500)	-	-	(57,500)
Other liabilities	-	(8,522)	(3,463)	(11,985)
Perpetual Additional Tier 1 Capital	-	-	(5,000)	(5,000)
<i>Off statement of financial position items:</i>				
Letters of guarantee	-	-	157	157
As at 31 December 2023 (Audited)				
Demand and call deposits with banks	-	10,371	514	10,885
Placements with banks	-	-	33,179	33,179
Investments at FVTPL	15	2,013	19,614	21,642
Investments at FVTOCI	-	31,475	114,853	146,328
Investments carried at amortised cost	9,771	-	-	9,771
Loans and receivables	-	7,368	4,090	11,458
Other assets	3,275	706	1,583	5,564
Due to banks and other financial institutions	-	(36,878)	(60,348)	(97,226)
Deposits from customers	(18)	(14)	(4,804)	(4,836)
Loans payable	-	(509,812)	(53,900)	(563,712)
Subordinated debt	(45,000)	-	-	(45,000)
Other liabilities	-	(7,231)	(1,746)	(8,977)
Perpetual Additional Tier 1 Capital	-	-	(10,000)	(10,000)
<i>Off statement of financial position items:</i>				
Letters of guarantee	-	-	150	150

All related party exposures are performing and are free of any provision for expected credit losses.

10.3. The Parent has committed to acquire an FVTOCI investment of the Group at its carrying value of USD 65.7 million or higher (2023: USD 65.7 million).

10.4. Compensation of key management personnel was as follows:

	Three-month period ended 31 March	
	2024	2023
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Short-term employee benefits	629	583
Long-term employee benefits	107	76
	736	659

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11. Commitments and contingencies***Credit-related commitments***

Credit-related commitments include commitments to extend credit, standby letters of credit, guarantees 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.

Investment-related commitments

Investment related commitments are Group's commitment to invest in private equity funds representing the uncalled capital by the investment managers (general partners) of various private equity funds in which the Group has made investments. The capital can be called at the investment manager's discretion.

The Group has the following credit and investment related commitments:

	31 March 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
Credit-related commitments:		
Undrawn credit facilities	100,204	120,527
Letters of credit	27,031	27,277
Letters of guarantee	27,328	30,333
	154,563	178,137
Investments related commitments	2,758	3,718
	157,321	181,855

12. Derivatives

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

The table below shows the positive and negative fair values of derivative financial instruments. The notional amount is that of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at period / year end and are not indicative of either market or credit risk.

	Positive fair value	Negative fair value	Notional amount
As at 31 March 2024 (Reviewed)			
<i>Derivatives held for trading</i>			
Forward foreign exchange contracts	305	(960)	261,194
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	2,145	(6)	869,153
<i>Derivatives used as cash flow hedges</i>			
Interest rate swaps	21,572	-	380,000
As at 31 December 2023 (Audited)			
<i>Derivatives held for trading</i>			
Forward foreign exchange contracts	716	(835)	161,381
<i>Derivatives used as hedge of net investments in foreign operations</i>			
Forward foreign exchange contracts	2,121	-	745,554
<i>Derivatives used as cash flow hedges</i>			
Interest rate swaps	20,908	-	380,000

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Fair value gains (losses) on mark-to-market valuation of hedging instruments are booked in other assets (other liabilities) as of 31 March 2024 and 31 December 2023.

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.

13. Financial assets and liabilities

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

	At FVTPL	At FVTOCI	At Amortised cost	Total
As at 31 March 2024 (Reviewed)				
Demand and call deposits with banks	-	-	188,991	188,991
Placements with banks	-	-	195,143	195,143
Investments at FVTPL	577,049	-	-	577,049
Investments at FVTOCI	-	308,365	-	308,365
Investments carried at amortised cost	-	-	16,215	16,215
Loans and receivables	-	-	525,200	525,200
Other assets	305	23,717	57,217	81,239
Total financial assets	577,354	332,082	982,766	1,892,202
Due to banks and other financial institutions	-	-	446,152	446,152
Deposits from customers	-	-	922,069	922,069
Loans payables	-	-	1,046,122	1,046,122
Subordinated debt	-	-	57,500	57,500
Other liabilities	960	6	105,929	106,895
Total financial liabilities	960	6	2,577,772	2,578,738
	At FVTPL	At FVTOCI	At Amortised cost	Total
As at 31 December 2023 (Audited)				
Demand and call deposits with banks	-	-	271,140	271,140
Placements with banks	-	-	326,761	326,761
Investments at FVTPL	522,006	-	-	522,006
Investments at FVTOCI	-	317,418	-	317,418
Investments carried at amortised cost	-	-	28,399	28,399
Loans and receivables	-	-	495,561	495,561
Other assets	716	23,029	52,996	76,741
Total financial assets	522,722	340,447	1,174,857	2,038,026

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	At FVTPL	At FVTOCI	At Amortised cost	Total
Due to banks and other financial institutions	-	-	561,366	561,366
Deposits from customers	-	-	949,143	949,143
Loans payables	-	-	1,007,334	1,007,334
Subordinated debt	-	-	45,000	45,000
Other liabilities	835	-	100,284	101,119
Total financial liabilities	835	-	2,663,127	2,663,962

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 and annual financial statements.

14. 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 arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

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.

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The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
As at 31 March 2024 (Reviewed)				
Assets measured at fair value				
Investments carried at FVTPL				
Forfeiting assets	-	-	434,522	434,522
Equities	30,306	52	19,415	49,773
Debt securities	10,029	-	325	10,354
Managed funds	1,125	41,428	39,847	82,400
Investments at FVTOCI				
Equities	1,057	75,329	97,715	174,101
Debt securities	133,280	-	-	133,280
Managed funds	461	56	467	984
Investment properties	-	-	149,047	149,047
Derivatives				
Forward foreign exchange contracts	-	2,450	-	2,450
Interest rate swaps	-	21,572	-	21,572
	176,258	140,887	741,338	1,058,483
Liabilities measured at fair value				
Derivatives				
Forward foreign exchange contracts	-	966	-	966
	-	966	-	966
As at 31 December 2023 (Audited)				
Assets measured at fair value				
Investments carried at FVTPL				
Forfeiting assets	-	-	374,177	374,177
Equities	25,601	52	27,090	52,743
Debt securities	11,064	-	325	11,389
Managed funds	3,991	41,415	38,291	83,697
Investments at FVTOCI				
Equities	1,871	74,845	99,288	176,004
Debt securities	140,756	-	-	140,756
Managed funds	500	65	93	658
Investment properties	-	-	149,646	149,646
Derivatives				
Forward foreign exchange contracts	-	2,837	-	2,837
Interest rate swaps	-	20,908	-	20,908
	183,783	140,122	688,910	1,012,815
Liabilities measured at fair value				
Derivatives				
Forward foreign exchange contracts	-	835	-	835
	-	835	-	835

Transfers between Level 1, Level 2 and Level 3

During the three-month periods ended 31 March 2024 and 31 March 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurement.

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The table below gives a reconciliation of fair value measurement of investments in Level 3 of the fair value hierarchy:

	As at 1 January 2024	Net purchases, sales, transfers and settlement	Movement recorded in the interim condensed consolidated statement of income	Movement recognised in OCI	As at 31 March 2024
<i>Investments at FVTPL</i>					
Forfeiting assets	374,177	63,974	(3,629)	-	434,522
Equities	27,090	(7,882)	207	-	19,415
Debt securities	325	1	(1)	-	325
Managed funds	38,291	2,068	(512)	-	39,847
	439,883	58,161	(3,935)	-	494,109
<i>Investments at FVTOCI</i>					
Equities	99,288	(1,265)	-	(308)	97,715
Managed funds	93	377	-	(3)	467
	99,381	(888)	-	(311)	98,182
Investment properties	149,646	-	(599)	-	149,047
	As at 1 January 2023	Net purchases, sales, transfers and settlement	Movement recorded in the interim condensed consolidated statement of income	Movement recognised in OCI	As at 31 March 2023
<i>Investments at FVTPL</i>					
Forfeiting assets	444,584	(76,009)	71	-	368,646
Equities	2,882	1,498	19	-	4,399
Debt securities	326	-	-	-	326
Managed funds	35,380	1,015	(407)	-	35,988
	483,172	(73,496)	(317)	-	409,359
<i>Investments at FVTOCI</i>					
Equities	78,591	(5,208)	-	3,016	76,399
Managed funds	41	73	-	(2)	112
	78,632	(5,135)	-	3,014	76,511
Investment properties	121,599	-	(109)	-	121,490

15. Restatement and reclassification of comparatives
Change of business model

During the financial year ended 31 December 2022, the Group changed the business model for its long-term debt securities from 'hold-to-collect-and-sell' to 'hold-to-collect', leading to the reclassification of this portfolio from 'Financial assets at fair value through other comprehensive income' to 'Financial assets at amortised cost'. The reclassification was done to reflect a change in the business model for managing these long term securities, such as sovereign bonds, corporate bonds, and Malta Government Bonds, to a held-to-collect business model in terms of IFRS 9. In this respect, 'Financial assets at fair value through other comprehensive income' amounting to USD 161.6 million were reclassified to 'investments at amortised cost' on 1 January 2022.

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During the year ended 31 December 2023, this position was reconsidered by management in the context of developments in market interpretations of IFRS 9 requirements in respect of reclassifications of financial instruments between different classification and measurement categories. In this respect, management reperformed the assessment relating to the reclassification of this portfolio of financial instruments in the context of these developments. Based on this assessment, the Group concluded that the reclassification criteria emanating from IFRS 9 are no longer deemed to have been met during the financial year ended 31 December 2022. In this respect, management has decided to reverse the effects of the reclassification on the Group's financial position. The comparative financial information presented within these financial statements is being restated to apply this reversal retrospectively.

Other restatements

During 2023, one of the Group's subsidiaries amended their presentation of Non-Recourse Factoring receivables and liabilities by offsetting them. Accordingly, prior period figures have been restated.

During 2023, it was determined by the Group that there are certain fees which are an integral part of the effective interest rate (EIR) and thus should be treated as an adjustment to the EIR as per IFRS 9. To address this, fees for the related financial asset was reclassified from Fees and Commission to Interest income. Accordingly, prior period figures have been restated.

The effect of the above restatements on the comparative figures is summarized below:

	Reported 31 March 2023	Adjustment	Restated 31 March 2023
Interim condensed consolidated statement of financial position			
Assets			
Investments at FVTOCI	162,323	141,254	303,577
Investments carried at amortised cost	203,634	(164,332)	39,302
Loans and receivables	586,620	(142,299)	444,321
Other assets	110,608	3,618	114,226
Liabilities			
Deposits from customers	994,773	(138,681)	856,092
Equity			
Fair value reserve	(91,074)	(18,554)	(109,628)
Non- controlling interests	136,154	(4,524)	131,630
Interim condensed consolidated statement of income			
Interest income	22,580	4,123	26,703
Fees and commissions - net	15,326	(4,123)	11,203
Interim condensed consolidated statement of other comprehensive income			
Net change in fair value of debt investments measured at FVTOCI	2,313	2,423	4,736

16. Subsequent events

No matter or circumstance has arisen since 31 March 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs.