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Mr. Mohammad Saud Al-Osaimi
CEO
Boursa Kuwait

السيد/ محمد سعود العصيمي المحترم
الرئيس التنفيذي
بورصة الكويت

Dear Sir,

السلام عليكم ورحمة الله وبركاته وبعد،،،

**Minutes of the Analysts' Conference call for
the financial year ended December 31st 2019**

**محضر مؤتمر المحللين للسنة المالية المنتهية
في 31 ديسمبر 2019**

Reference is made to the provisions of Article no. (8-4-2) of Boursa Kuwait Rulebook issued by virtue of Resolution no. 1 of 2018 and its amendments concerning continuing the obligations of the listed companies classified under the "Premier Market Segment" under which Boubyan Bank is categorized.

بالإشارة الى أحكام المادة رقم (8-4-2) من قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018 وتعديلاته، والمتعلقة بالالتزامات المستمرة المطلوبة من الشركات المدرجة المصنفة ضمن شريحة -السوق الأول - (Premier Market) والتي تم تصنيف بنك بوبيان ضمنها.

We attach herewith a copy of the Minutes of the Analysts' Conference call for the financial year ended December 31st 2019 held via Live Webcast at 1:00 pm (Local Time) on Thursday, Jan 23rd 2020 as per the requirements of the said article.

نرفق لكم نسخة من محضر مؤتمر المحللين للسنة المالية المنتهية في 31 ديسمبر 2019 الذي انعقد عن طريق بث مباشر على شبكة الأنترنت (Live Webcast) في تمام الساعة 01:00 (وفق التوقيت المحلي) من بعد ظهر يوم الخميس الموافق 2020/01/23؛ وذلك وفقا للمتطلبات الواردة في المادة المشار إليها أعلاه..

Best regards,

وتفضلوا بقبول فائق الاحترام،،،

Adel Abdul Wahab Al-Majed
Vice-Chairman
& Chief Executive Officer



عادل عبد الوهاب الماجد
نائب رئيس مجلس الإدارة والرئيس التنفيذي

FY 2019 Boubyan Bank KSCP – Earnings Call

Edited transcript of Boubyan Bank earnings conference call that took place on Thursday 23rd January 2020 at 13:00 Kuwait time

Corporate participants:

Mr. AbdulSalam Al-Saleh – Deputy Chief Executive Officer

Mr. Abdullah Al-Tuwaijri – Deputy Chief Executive Officer

Mr. Mohamed Ibrahim – General Manager, Financial Control Group

Mr. Omar Bouhafs – Head of Investor Relations

Janany Vamadeva – Arqaam Capital

Janany
Vamadeva:

Good afternoon everyone, and thank you for joining us today. This is Janany Vamadeva and on behalf of Arqaam Capital I'm pleased to welcome you to Boubyan Bank's financial year 2019. earnings conference call. I have here with me today AbdulSalam Al-Saleh Deputy Chief Executive Officer, Mohamed Ibrahim General Manager Financial Control Group, and Omar Bouhafs, Head of Investor Relations. Without any further delay, I will now turn the call over to Omar.

Omar Bouhafs:

Thanks Janany for the introduction and good afternoon everyone and thank you for joining us today on our conference call covering the Banks performance for the 2019 year.

I'd like to commence our call today by reading out a brief disclaimer which you can also find on page 2 of our presentation:

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Certain statements in this presentation may constitute forward looking statements reflecting the banks expectations. Accordingly, these are subject to risk and uncertainty, which may cause actual results to differ materially from the plans reflected within today's presentation. You are cautioned not to rely on such forward looking statements and the Bank does not assume any obligation to update its views of such risks and uncertainties or to publicly announce any revisions to the forward looking statements made herein

In addition to the disclaimer I've just read, I urge you all to read the full text of our disclaimer on page two of the presentation pack.

Our format for today's call will include:

An overview of Boubyan's performance by Mr. AbdulSalam Al-Saleh, Deputy Chief Executive Officer and followed by a presentation on the Bank's financial performance by Mr. Mohamed Ibrahim, Group General Manager Financial Control Group.

Following this we will have time for Q&A with attendees today. We will be receiving your questions through the webcast platform, and we will endeavor to answer all of your questions today, however if any questions are left unanswered due to time constraints, or you have any further questions you wish to pose, please feel free to contact us through the Boubyan Investor relations email address, which you can find on our website. Finally, a reminder that you can download the presentation pack through the link on screen.

With that said, I'd like to now hand you over to Mr. AbdulSalam Al-Saleh, our Deputy CEO, to take you through a brief update on Boubyan's performance for the 2019 year.

AbdulSalam Al-Saleh:

Thank you Omar.

Good afternoon Ladies and Gentlemen. Today, I will provide an overview of the Bank's results for 2019, along with a brief overview of the Bank's strategy and operating environment.

Overall, the Bank has continued its growth across all business lines, with strong financial results and achievement across all key performance indicators.

Our net profit for the year grew 12% to reach KD 62.7 million, with an earnings per share of 20.4 fils.

As you will see, throughout this presentation, we had very solid growth in our core business. Our financing portfolio increased by 14% year on year to reach KD 3.7 billion. This was driven by the growth in consumer and corporate financings of 11% and 17% respectively. Customer deposits grew by 17% year on year to reach KD 4.3 Billion.

Additionally, our market share in total financing grew to around 9.3% in November 2019 compared to 8.6% at the same time last year.

You may recall in May, the bank successfully completed a capital increase of KD132 million via a rights-issue. This has strengthened our capital base, as evident in our increased Capital Adequacy of 20.3%, which we believe will support our future growth.

This year marks the Bank's 10-year milestone since the start of our transformation back in 2009, under the Boubyan 2020 strategy. We attribute the bank's success to the implementation of this strategy, which focuses on local market growth, offering new and innovative products and services and increasing our customer satisfaction while exploring international opportunities at hand.

In December 2019, Boubyan made an all-cash offer to acquire BLME Holdings. Boubyan Bank has been a long-term shareholder of BLME and is currently the largest shareholder with almost 28% ownership.

Boubyan Bank believes that the acquisition will enable Boubyan Bank to provide its existing and future clients with additional Sharia compliant UK service offerings.

We believe that by consolidating our longstanding shareholding position in BLME we can further develop its business and drive the growth of both businesses. This acquisition offer is still underway and accordingly we cannot elaborate on further details at this time.

In Q4 last year, Boubyan announced it had obtained regulatory approvals to undertake a sukuk-issuance program of up to US \$1 billion. This program is intended to provide the bank with additional long-term funding which will further diversify our funding sources.

2019 was quite remarkable owing to the number of awards achieved by the bank, including being awarded World's Best Islamic Digital Bank for the fifth year in a row from Global Finance along with multiple other awards including Best Mobile Banking application in Kuwait. The Bank was also

proud to be awarded the Best Social Humanitarian Initiative in the GCC for its Noor Boubyan program for eyesight-restoration in Africa.

With regard to ratings, our overall credit ratings were A3 and A+ with stable outlooks from Moody's and Fitch respectively. We are also pleased to have initiated coverage in 2019 with Standard and Poors, who assigned the Bank a long-term issuer credit rating at 'A' with stable outlook thereby ranking the Bank with the second highest credit rating among local banks from S&P.

Regarding our operating environment, we believe Kuwait to be fiscally well positioned with the substantial buffers and strong sovereign ratings; creating room for investment spending should any oil price fluctuations occur or any further signs of softening in the global economy.

This is an overview about Boubyan and our major achievements. Now, Mohamed will take you through the Bank's financial performance in more detail.

Mohamed Ibrahim: Thank you Mr. Abdulsalam and Good afternoon everyone. It is my pleasure to take you through our financial results for the 2019 year. As highlighted by Mr. Abdulsalam, the Bank has continued its double-digit growth in profitability.

As you can see on the top left of Page 7, the bank reported a 12% increase in net profit, reaching KD 63 million during the year with an earnings per share of 20.4 fils.

Our operating profit grew by 2% to KD 85 million as shown on the top right chart. This was driven by the 4% or KD 6 million increase in operating income, which we will detail further in the next section of the presentation.

The bank's return on average equity remained above the industry average at 11.7% in spite of the bank's greater capital base after the 15% rights issuance last May of KD 132 million.

Meanwhile our return on average assets has remained broadly stable at 1.30% over the comparable period in 2018.

Now moving to the operating income components on Page 8, we can see that Operating income reached KD 146 million, an increase of 4%. The main driver for this is the growth in net fees and commissions and investment income.

As you can see on the top right chart, the Bank's net financing income declined by 1%, to KD 120 million despite the increase in the average balance of profit-earning assets by 12% over the same period last year, as shown in the bottom right chart. The net profit margin has decreased to 2.67%.

This decrease, as we mentioned before, is a result of the funding cost increase due to the lagging effect of increases in repo rate 100 basis points consistent with the US Fed increases, while raising the discount rate 25bps through 2018.

We will now look at the non-financing income for 2019.

Fees, commissions and FX income grew by 22% to KD 20.1 million which contributed well to the growth in operating income. This was mainly driven by the growth in arrangement fees, trade services, assets under management and banking service fees. Reflecting the increase in the corporate and retail customers' base. The percentage of fees and commission income to total operating income increased to 14% from 12% in the same period last year.

2019 also witnessed a growth in the investment income mainly due to better performance of our investments.

Now, we will move to slide 9 and discuss the growth in operating expenses. Our operating expenses grew at 8%. The increase is mainly to support business growth and fund strategic initiatives of the bank. Our cost to income ratio was 41.9% with cost to average assets at 1.27%.

The overall composition of operating costs remains fairly consistent with that of last year with staff costs the predominate expense, and noting that the increase in depreciation and decrease in G&A is a result of the leased asset depreciation under the new IFRS 16 standard.

We will now move onto provisions on slide 10, where we can see that the total impairment provision for 2019 was KD 18.7 million which was mainly financing related. The bank continues to maintain its prudent provisioning to maintain the quality of assets and strengthening the balance sheet with a the loss ratio at around 0.4% and total provisions to operating profit at around 22%.

I would like to point out that the IFRS 9 provision was lower than the provision as per CBK at 2019 by approximately KD 15 million.

Now moving on to slide 12 let us look at our Balance sheet.

Overall, our total assets grew by 22% Year on Year. This increase was mainly driven by the 14% growth in the financing portfolio that dominates the balance sheet composition and represents 70% of total assets.

Liquid assets to total assets ratio increased in 2019 to around 24% however in general, the composition of total assets is broadly consistent to that of 2018.

Customer deposits also increased by 17% Year on Year. This growth is mainly from retail deposits. The YoY growth in core retail deposits which is well diversified and more stable in nature was around KD 491 Million or 22% growth which is well encouraging and thereby reducing our dependency on wholesale deposits. Retail deposits represents around 60% of the total deposits. The Bank's CASA ratio grew to 27%, from 26% in the comparative period last year. This of course reflects the Bank's strong brand recognition and successful implementation of our strategy based on superior customer service and innovative products.

The bank has maintained its loan to deposit ratio at a comfortable level of approximately 86% compared to the regulatory maximum of 90%.

We now move on to slide 13 to discuss the performance of our financing portfolio. Our net financing portfolio grew by KD 467 Million Year on Year or 14% against a broader market growth of less than 6%.

Corporate financing grew by KD 306 Million or 17% and retail financing grew by KD 158 Million or 11%. Retail financing at 43% of total financing portfolio remains as one of the highest ratios in the market.

Boubyan's NPL ratio continues to be stable at around 0.9% which remains one of lowest in the industry.

Our Loss coverage ratio is 211% which is also one of the highest in the industry.

We now move on to our last section on Capital Ratios on page 15.

The Bank's capital adequacy ratio rose to 20.3% as a result of the Banks rights-issuance mentioned earlier, well above the regulatory minimum of 13.5%.

Risk Weighted Assets reported a Year on Year growth of 20% which is primarily driven by asset growth of 22%.

Regulatory capital mainly comprises of Common Equity Tier 1 which represents 83% of the total capital, an increase from 2018 as a result of the rights-issuance, followed by additional Tier 1 at 12% which is comprised of Boubyan Sukuk issued in May 2016.

The leverage ratio was 11.2% which is broadly in line with the market and well above the regulatory minimum of 3%.

With this I would like to conclude my briefing on the financial performance for 2019 and thank you for your attendance. Now, I would like to handover to the operator for the Q&A session.

Janany
Vamadeva:

Thank you. We will now start our Q&A session. Ladies and gentlemen, if you wish to participate in our written Q&A please type your question into Ask a Question text area. Then click the submit button. Thank you for holding

Omar Bouhafs

Ok thank you all for waiting and appreciate your patience, we understand the line was cutting at times during the conference. We want to let you know that a full copy of the transcript will be made available on the Boursa Kuwait Website, and if you have any further questions, you can reach us via the investor relations email address.

OK to commence now with our first question, can we explain the decline in our net profit margin in 2019 and provide an update on the outlook of the margin in 2020.

Mohamed Ibrahim

We've have discussed this during the coverage of the financials and over the past 3 quarters, the decline during 2019 was mainly related to lagging effect of the changes in REPO rates in 2018, four times or 100 basis points with the discount rate changing only once by 25 basis points. However if you look into the last quarter of 2019 the margin was a bit stable at around

2.63. We expect for 2020, based on a forecast of a stable profit rate environment, to be maintained in the 2.6% region.

This decline was driven by the monetary policy and we believe this has nothing to do with aggressiveness in terms of pricing. Boubyan's strategy in relation to customer acquisition is building the relationship and leveraging the brand of Boubyan and we are not after aggressing pricing in the market.

Omar Bouhafs: Ok our next question asks regarding the acquisition cost for BLME and what percentage will it contribute to group assets, some of BLME's metrics and when you expect the transaction to close?

Mohamed Ibrahim: As we mentioned, we published the offer on 20th of December to acquire BLME. The total consideration for the 100% ownership of BLME was mentioned at approximately US \$158 million. Hopefully, the transaction goes successfully and BLME will be consolidated into Boubyan Bank. If we look into BLME's financials their assets represent approximately 10% of Boubyan's total assets.

Relating to the timing of the transaction, I'm referring to the offer document on our website which mentions the timetable, the first closing date for acceptances is on the 27th of January and we will announce by that date the status of the transaction.

Omar Bouhafs: Ok, our next question is asking about the drop in NIMs in 2019 whether it was a result of an aggressive pricing strategy and the outlook on NIMs, and we believe we have already answered that question.

Omar Bouhafs: Ok our next question is asking about the provision charge in 2019 and if the lower cost of risk in 2019 is sustainable in 2020?

Mohamed Ibrahim: Currently the cost of risk for 2019 was approximately 39 basis points which reflects our prudent provisioning over the past 10 years.

For 2020 we believe the cost of risk will stabilise at 40 basis points. Of course this is dependent upon market conditions and regulatory requirements however for now we can give a guidance at 40 basis points.

Omar Bouhafs: Ok our next question is asking if we can share again the retail contribution to deposits and the CASA contribution.

Mohamed Ibrahim: Yes, maybe the line was cutting during this point. The customer deposits in 2019 increased by 17% year-on-year. This was mainly from retail deposits which grew by around 491 million or 22% and this is well encouraging and reducing our dependency on wholesale deposits.

Retail deposits now represent around 60% of total deposits. The bank CASA ratio grew to 27% from 26% in the previous year.

Omar Bouhafs: Ok, our next question is asking what is your loan growth guidance for 2020?

Mohamed Ibrahim: During 2019 our loans grew by 14%, we aspire to maintain our growth in 2020 in the low double-digit range and to continue the same trend of previous years.

- Omar Bouhafs: Ok, our next question is asking for guidance going forward into 2020 in terms of loan growth and NIMs and we believe we have already answered that question.
- Omar Bouhafs: Ok our next question is asking on our outlook on operating costs and on cost to income ratio from 2019 levels.
- Mohamed Ibrahim: Currently we are growing in double digits for our business as reflected in the growth in our financing portfolio, number of customers and customer deposits. We expect our operating expense to grow double digits in 2020, however still we have our same aspiration to take our cost-to-income ratio below the 40% region and we aspire to take it to the 37% in the coming three years.
- Omar Bouhafs: Ok our next question is asking about fee growth, that it has been above 20% for the past two years what is driving this? Is it sustainable? Or should we expect a normalisation in the growth rate similar to loan growth rates?
- Mohamed Ibrahim: Yes as we mentioned our fee income grew at 22% during 2019 and this was coming from banking service fees, trade service and arrangement fees as well as from our third strategic pillar related to wealth management. We aspire to continue seeing fee income grow at a higher level for 2020 and beyond, however our guidance is for fee income to align with portfolio growth of lower double digits for 2020 and beyond.
- Omar Bouhafs: Ok our next question is asking for our thoughts on the recently announced Kuwait budget and what kind of implications keeping expenditure unchanged might have on economic activity?
- Abdul Salam Al-Saleh: In 2019, of our corporate portfolio growth, around 12-14% was attributed to Government related expenditure. The majority of the growth is based on other businesses mainly private businesses and we have a very diversified portfolio, which is balancing our growth. So we don't have a specific focus on specific sectors.
- Omar Bouhafs: Ok our next question is asking for some colour on our stage 2 and stage 3 coverage ratio and how we see the cost of risk evolving into 2020?
- Mohamed Ibrahim: Of course if we are talking about IFRS 9 I'll update that as per the current regulation we must follow either IFRS 9 or the Central Bank regime whichever is higher. In Boubyan's case, CBK calculation was higher than IFRS 9 by approximately 15 million KD.
- If we are talking about stage 2 and stage 3 coverage, we cannot reconcile these numbers with CBK regulations because this is what we are currently reporting. But just to give you some colour regarding stage three coverage, our calculation for IFRS 9 was very conservative and following CBK requirements which taking stage 3 up to 100% approximately after including some haircuts for collateral. For stage two, our coverage is in the range of 15%-20%.
- Omar Bouhafs: Ok, our next question is asking is there a target for coverage ratio?

- Mohamed Ibrahim: There is no specific target for coverage ratio, again the requirement for CBK provision which we are currently implementing doesn't take into consideration the non-performing loans only, it also considers the performing loans and we have judgemental and CBK general provision, so we do not have a specific target for coverage ratio.
- Omar Bouhafs: Ok we have a question on loan growth forecast for 2020 and also asking for the share of corporate banking and the break up and which sectors are driving the growth which we believe we have answered earlier.
- So our next question is what level of loan growth are you expecting in 2020 and what segments will drive this growth?
- Mohamed Ibrahim: We expect a similar balance of growth between retail and corporate. During 2019 retail growth represented 35% of total financing portfolio growth. We expect this to continue into 2020. By the end of 2019 retail represented 43% of our total portfolio.
- Our aspiration is to have retail above 40% and this still would be one of the highest ratios in the market.
- Omar Bouhafs: Ok our next question is asking about how much investment in technology is reflected in general administration expenses and how do you see the cost to income ratio evolving in the near term?
- Mohamed Ibrahim: Currently our investment in technology represents approximately 15% of our total operating expense, so this includes the direct expenses as well as the amortisation of any capital expenditures we are incurring for this. And we believe this ratio will continue at a similar range of 15%.
- Regarding cost-to-income ratio I think we already covered this, but I will repeat maybe if the line was cutting. We expect for 2020 lower double digits however we aspire to maintain the growth in operating expenses to be lower than the growth in operating income. We might see a similar or higher growth in OPEX higher than the last year or two, however our cost-to-income ratio should see some decrease from the current level and our aspiration is after 3 years to maintain it at the industry average of 37%.
- Omar Bouhafs: OK our next question is asking do you expect any need for additional capital in the next 3-4 years given the recent rights issuance? When do you foresee the next capital call?
- Mohamed Ibrahim: It is a bit difficult to comment out on a 3-4 year horizon, however we believe our current capital adequacy ratio of 20.3% will cover the growth required for Boubyan at least for 2020. For 2021 as we have the first call option of Boubyan Sukuk and we will comment at that time on any capital needs.
- Omar Bouhafs: Our next question is asking for a clarification regarding loan growth at 14% do we expect it to grow at a rate lower than in 2019?
- Mohamed Ibrahim: For loan growth, we mentioned lower double digits, not necessarily lower than 2019. It will be in a very similar region to 2019 growth.
- Omar Bouhafs: Ok, we have a question on cost and growth in OPEX in the future years, which we believe we have already answered.

Ok our next question is asking for our NSFR level in 2019 versus the 2018.

Mohamed Ibrahim: It is currently 116% versus 2018 level of approximately 118% both of which are above the regulatory minimum of 100%.

Omar Bouhafs: Ok, our next question is asking about the retail focus of the bank and whether we can shed some colour on the product innovation and digital investment and our emphasis on youth. For this question I will hand over to Mr Abdullah Al-Tuwaijri our Deputy CEO to answer this question.

Abdullah Al-Tuwaijri: Yes it is true that one of the main segments the bank focuses on is youth and that has been paying back very well. As explained earlier by our CFO the bank spends around 15% of G&A (general and administrative expense) on technology and digital, and this trend will continue. In fact, we are increasing the focus on digital we have now built a digital factory within Boubyan to continue the journey of being the most innovative and digital driven bank in Kuwait and that is actually attracting youth to Boubyan.

Omar Bouhafs: OK, our next question is regarding the drop in the coverage ratio in 2019 despite the increase in NPLs, both general and specific provisions have decreased any reason for this?

Mohamed Ibrahim: The drop in coverage ratio and the very similar decrease in provision balances are related to the write off as mentioned in our financials.

Omar Bouhafs: OK our next question is could lower retail contribution of 3 points from current levels have pressure on margins?

Mohamed Ibrahim: Currently the growth we see in retail which represents 35% of growth in our financing portfolio is very encouraging and also represents over 20% of the total market growth, so retails contributes materially to our profitability and to our margin. As we mentioned, even with these ratios we believe the margin can be stabilised at 2.6%

Omar Bouhafs: So given there are no further questions remaining, so we'd like to thank you all for your attendance today and remind you that should you wish to ask any follow up questions you may do so via the investor relations email address listed on our website. Thank you.

Boubyan Bank Investors Presentation

2019 Results – Analyst Call

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1 Boubyan's Performance & Strategy – At a glance

2 Income statement analysis

3 Balance sheet analysis

4 Capitalisation and Leverage

Financial Highlights

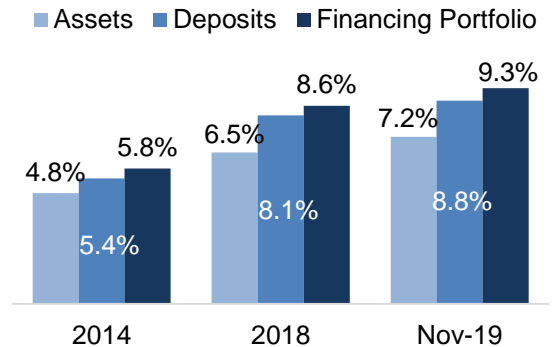
Financial snapshot

<i>KD million</i>	2019	2018	Growth %
Net Profit to shareholders	62.6	56.1	12%
Operating Income	145.8	139.7	4%
Operating Profit	84.7	83.0	2%
Total Assets	5,301	4,345	22%
Financing Portfolio	3,729	3,262	14%
Customer Deposits	4,347	3,721	17%
Earnings per share (Fils)	20.4	19.2	6%
Book value per share (Fils)	200	171	17%

Key Financial Metrics

	2019	2018	Variance
Return on Average Equity (%)	11.7	13.0	(1.3)
Return on Average Assets (%)	1.3	1.4	(0.1)
Cost to Income (%)	41.9	40.6	1.3
NPL Ratio (%)	0.9	0.9	-
Capital Adequacy Ratio (%)	20.3	18.2	2.1

Market share



Credit Ratings

Rating Agency	Long Term Rating	Outlook	Date
MOODY'S	A3	Stable	Jan 2020
STANDARD & POOR'S	A	Stable	Nov 2019
FitchRatings	A+	Stable	Oct 2019

نعمل باتقان

The Bank's strategy builds on robust domestic foundations

Strategic objectives

Scale up the core domestic business

Retail Banking

- Clear focus on high net worth and affluent clients
- Expand branch footprint
- Maintain leadership in customer experience
- Product and channel innovation
- Grow market share

Corporate Banking

- Primary banker for large and mid-market customers
- Maintain fair share with super large corporate
- Superior service (speed & quality)
- Product and channel innovation

Private Banking / Wealth Management

- Scale the PB/WM management operating model
- Expand product offerings in conjunction with Boubyan Capital
- Grow market share

1 Boubyan's Performance & Strategy – At a glance

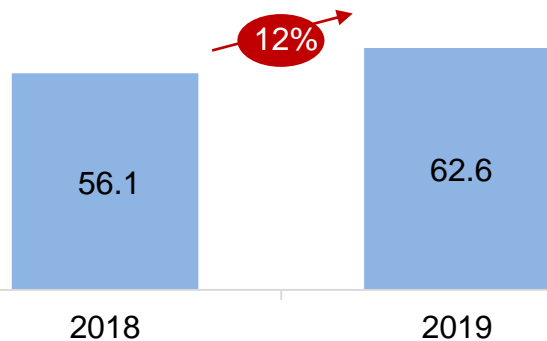
2 **Income statement analysis**

3 Balance sheet analysis

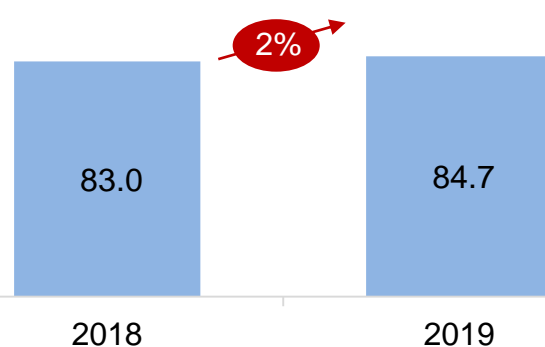
4 Capitalisation and Leverage

Profitability and performance ratio

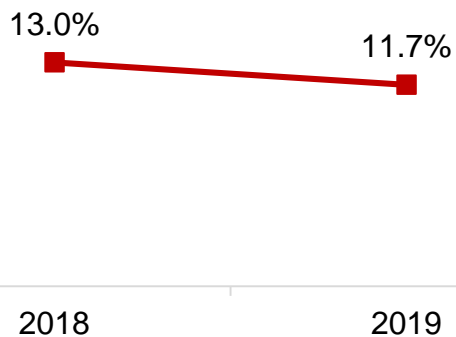
Net profit (KD Million)



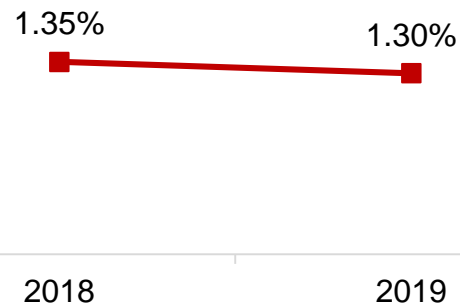
Operating profit (KD Million)



* Return on Average Equity (%)



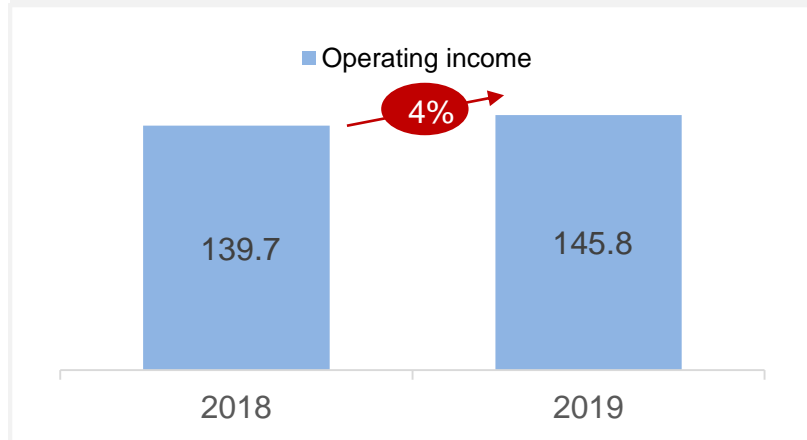
Return on Average Assets (%)



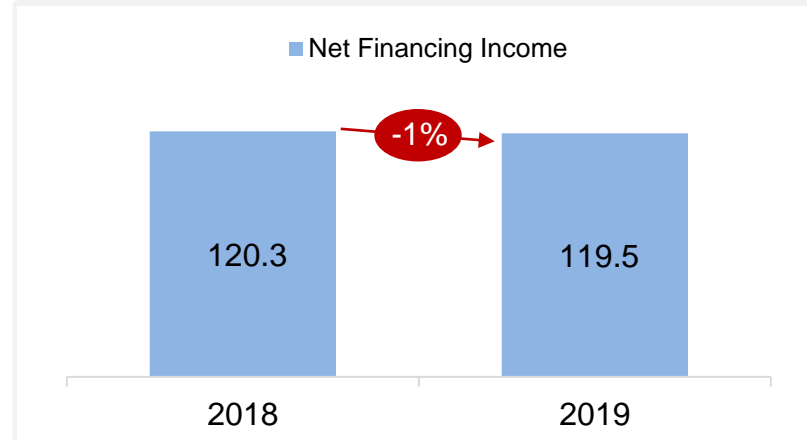
نعمل باتقان

Operating income components and Net Profit Margins

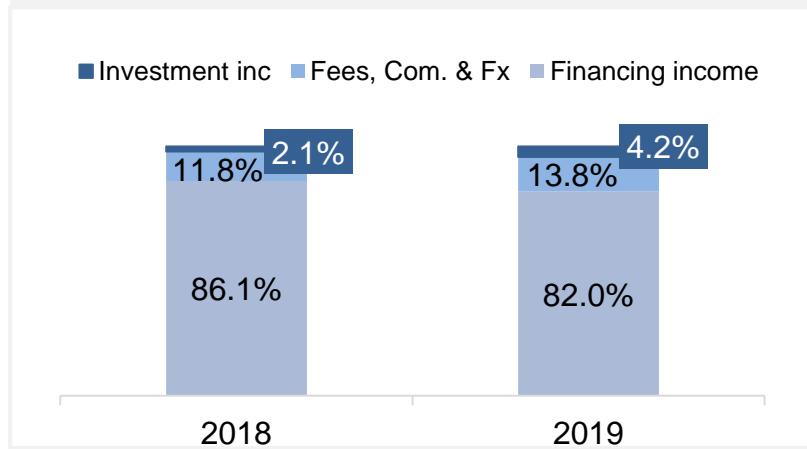
Operating Income (KD Million)



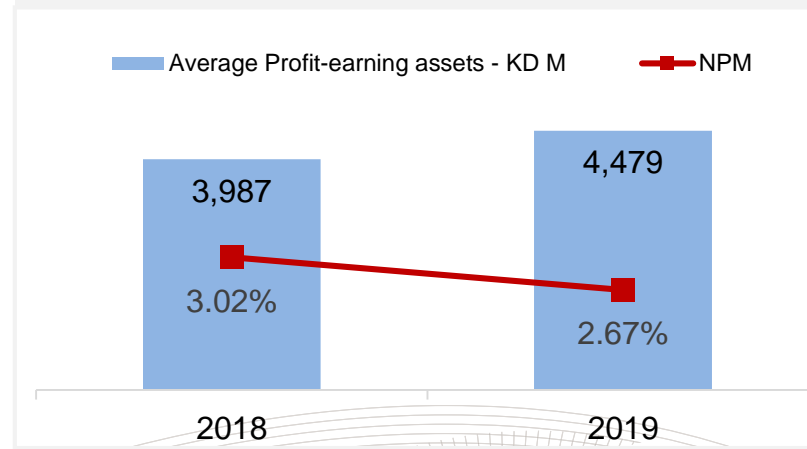
* Net Financing Income



Composition on operating income



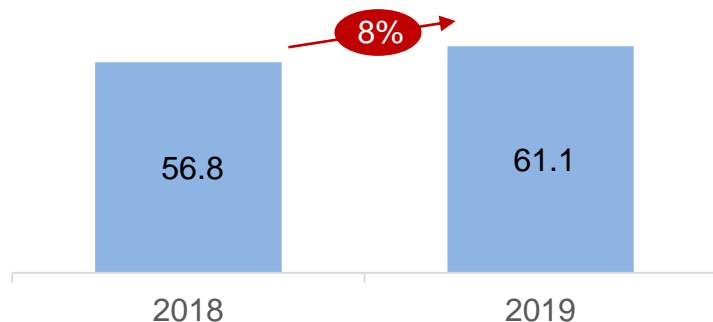
Net Profit Margin %



Operating costs and efficiency

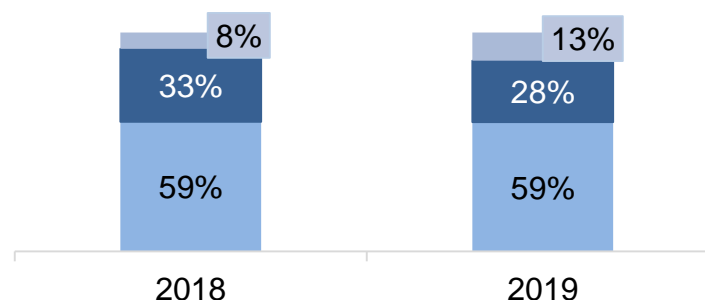
Operating costs (KD Million)

■ Operating costs



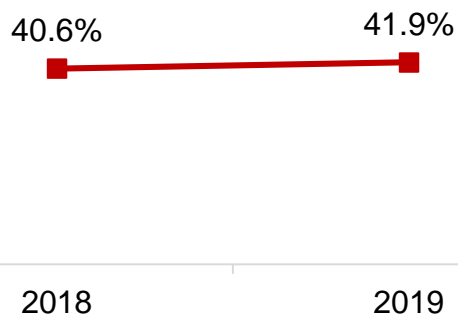
Composition of Operating costs*

■ Staff costs ■ General & Admin ■ Depreciation



Operating efficiency (%)

■ Cost to Income Ratio



Operating costs to average assets (%)

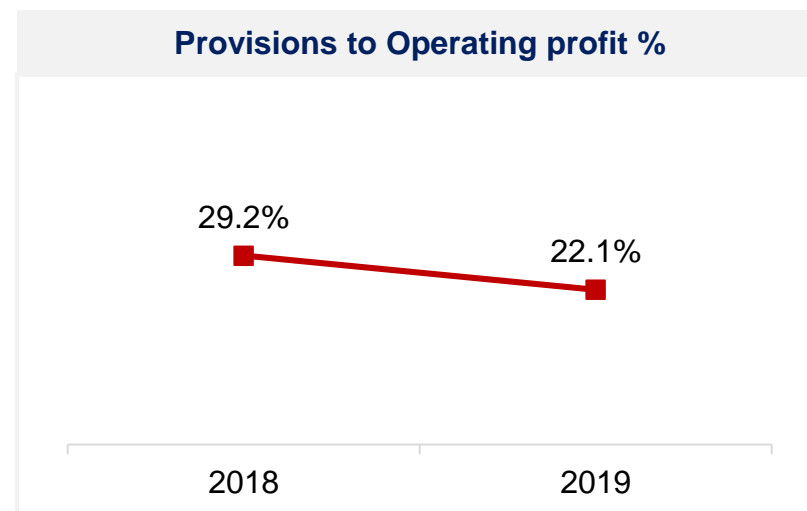
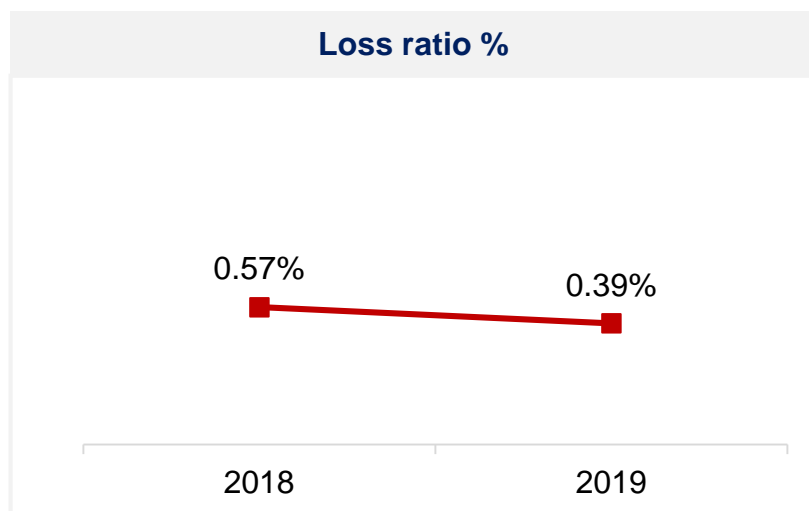
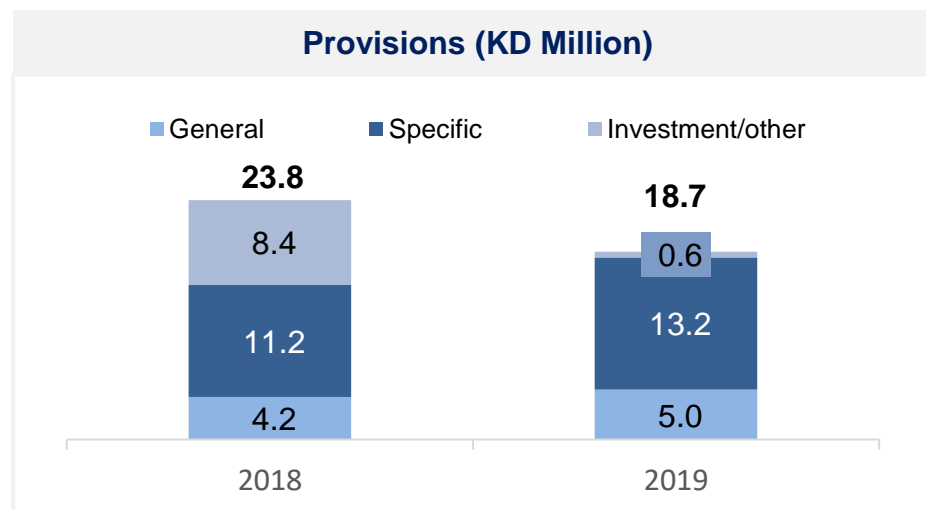


* Operating cost composition reflects application of IFRS16 leases, applied prospectively from 1 January 2019

Source: Financial statements, Boubyan analysis

نعمل باتقان

Provisions and related ratios

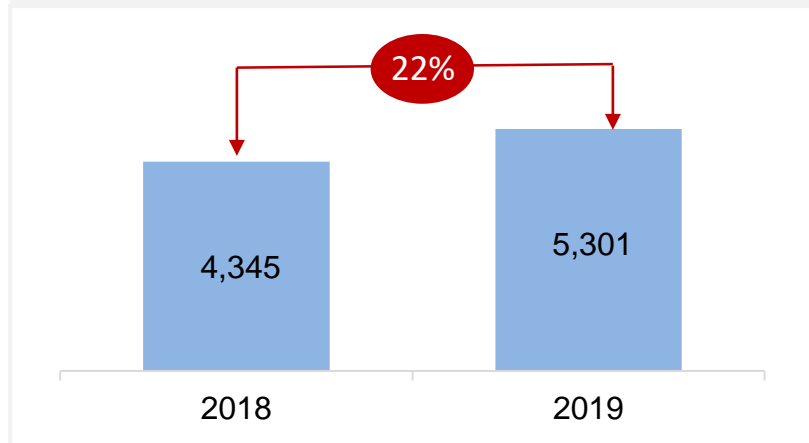


نعمل باتقان

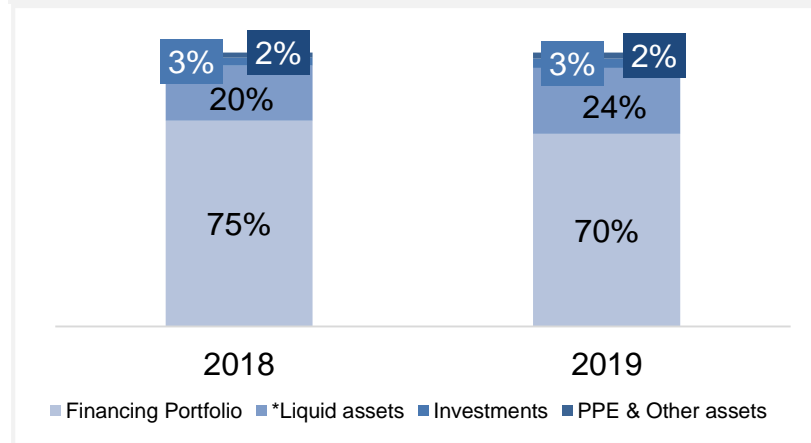
- 1 Boubyan's Performance & Strategy – At a glance
- 2 Income statement analysis
- 3 Balance sheet analysis**
- 4 Capitalisation and Leverage

Assets and Sources of Funding

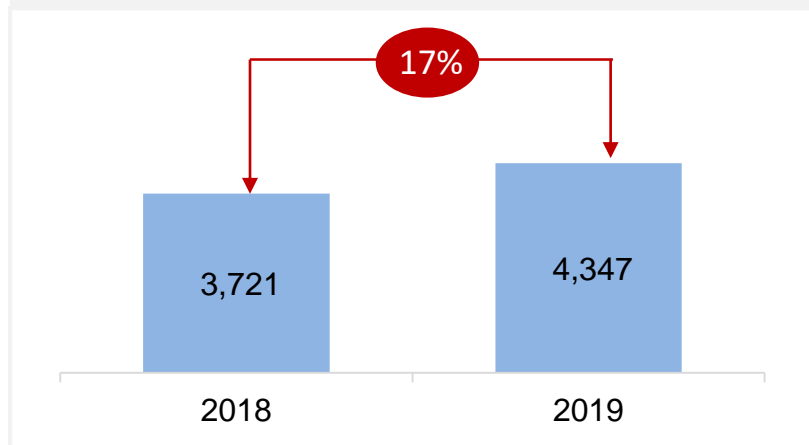
Total assets (KD Million)



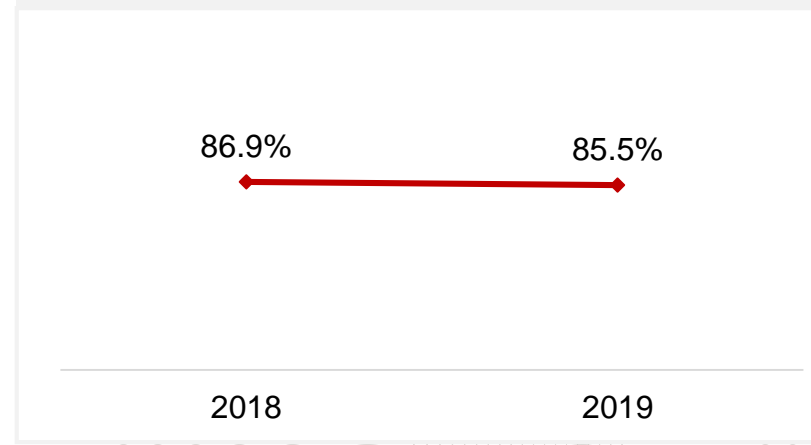
Composition of assets



Total deposits (KD Million)



Financing Portfolio to Deposit Ratio



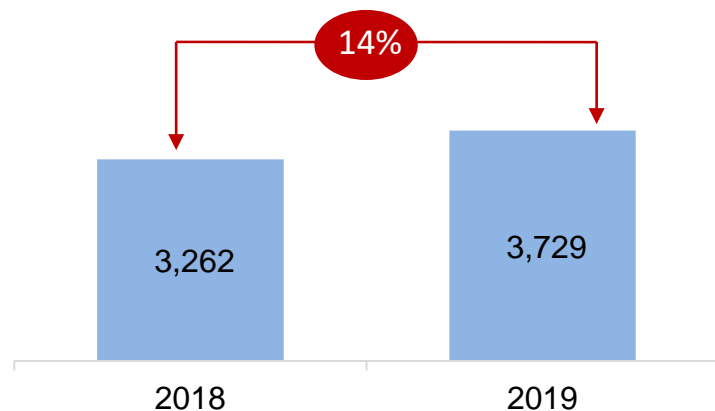
* Liquid assets include cash and balances with banks, Deposits with CBK, Deposits with other banks and Sukuk Investments

Source: Financial statements, Boubyan analysis

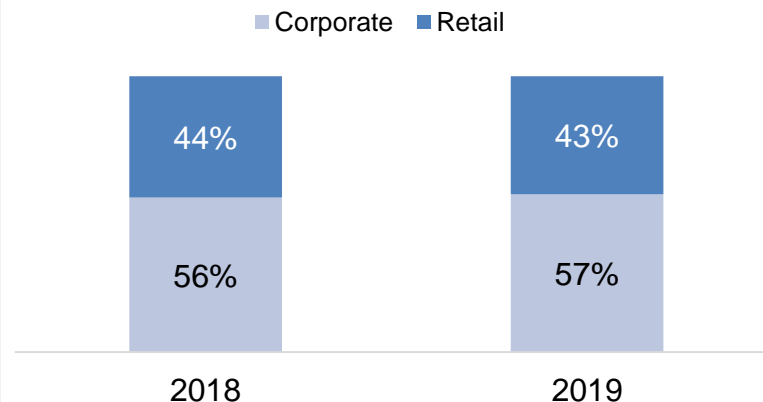
نعمل باتقان

Financing Portfolio and asset quality

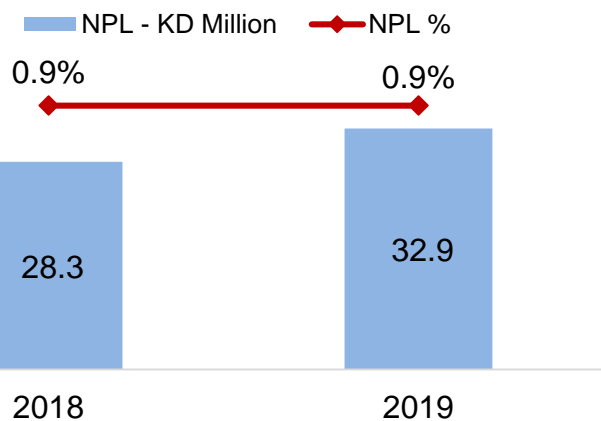
Financing Portfolio – KD Million



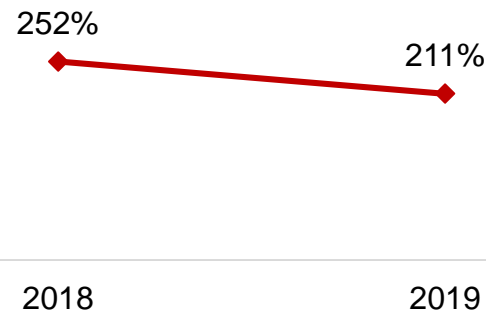
Composition of Financing Portfolio



Non performing Financing Portfolio



Loss Coverage ratio



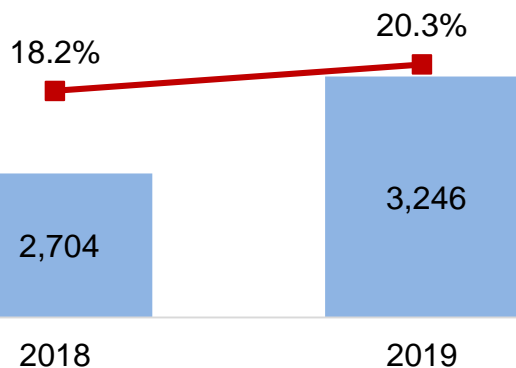
نعمل باتقان

- 1** Boubyan's Performance & Strategy – At a glance
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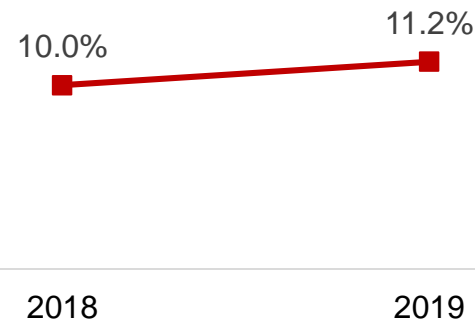
Capital Adequacy

Capital adequacy ratio

RWA - KD Million Total CAR

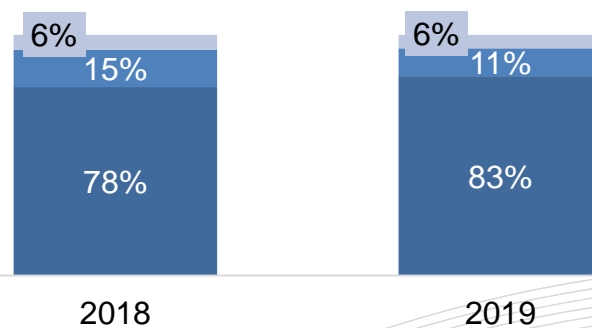


Leverage ratio



Composition of regulatory capital

CET1 Additional Tier 1 Tier 2



Questions ?

نعمل بإتقان

Appendix

نعمل بإتقان

Consolidated Income Statement

KD Million	31-Dec 2019	31-Dec 2018	31-Dec 2017
Income			
Murabaha and other Islamic financing income	207.6	182.9	149.4
Distribution to depositors and Murabaha Cost	(88.2)	(62.6)	(46.0)
Net finance income	119.5	120.3	103.5
Net investment income	4.2	1.1	7.9
Net fees and commissions income	16.4	13.4	11.1
Share of results of associates	2.0	1.9	0.6
Net foreign exchange gain	3.7	3.0	2.5
Operating Income	145.8	139.7	125.6
Expenses			
Staff cost	(36.1)	(33.6)	(31.0)
General and administrative expenses	(17.1)	(18.8)	(17.9)
Depreciation and amortization	(7.9)	(4.3)	(3.9)
Total Expenses	(61.1)	(56.8)	(52.9)
Profit before provision for impairment	84.7	83.0	72.7
Provision for impairment	(18.7)	(23.8)	(22.4)
Profit before taxes	66.0	59.1	50.3
Taxes and board remuneration	(3.3)	(2.9)	(2.6)
Non-Controlling Interests	(0.0)	(0.1)	(0.1)
Net Profit for the year	62.6	56.1	47.6

Consolidated Statement of Financial Position

KD Million	31-Dec 2019	31-Dec 2018	31-Dec 2017
Assets			
Cash and balances with banks	232.4	83.8	76.6
Deposits with Central Bank of Kuwait	306.2	244.7	263.7
Deposits with other banks	427.3	237.1	208.9
Islamic financing to customers	3,728.8	3,262.3	3,193.0
Investments in Sukuks	80.4	309.3	306.0
Other investment securities	327.1	73.5	67.4
Investments in associates	33.1	28.9	30.3
Investment properties	46.6	24.0	27.9
Other assets	32.4	24.1	24.2
Property and Equipment	86.2	57.0	55.2
Total Assets	5,300.5	4,344.8	3,970.4
Liabilities and Equity			
Liabilities			
Due to banks	236.5	97.2	142.0
Depositors' accounts	4,347.2	3,720.9	3,594.0
Other liabilities	63.7	40.7	43.3
Total liabilities	4,647.4	3,858.8	3,779.4
Equity			
Share capital	288.4	238.8	227.5
Share premium	156.9	62.9	62.9
Proposed bonus share	14.4	11.9	11.4
Treasury shares	(0.1)	(0.6)	(1.1)
Statutory reserve	31.8	25.3	19.3
Voluntary reserve	30.5	24.2	18.5
Share based payment reserve	1.0	1.4	1.7
Fair value reserve	0.2	3.5	3.9
Foreign currency translation reserve	(9.5)	(9.9)	(9.3)
Accumulated retained earnings / (losses)	35.8	31.7	24.1
Proposed cash dividends	26.0	19.1	15.9
Equity attributable to equity holders of the bank	575.4	408.3	374.8
Perpetual Tier 1 Sukuk	75.4	75.4	75.4
Non-controlling interest	2.3	2.3	2.2
Total equity	653.2	486.0	452.4
Total liabilities and equity	5,300.5	4,344.8	3,970.4

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Thank you

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