

Kuwait: 18/10/2022  
Ref: 3478/2022

الكويت: 2022/10/18  
الإشارة: 2022/3478

To: Mr. Mohammad Saud Al-Osaimi  
CEO - Boursa Kuwait

السيد / محمد سعود العصيمي  
الرئيس التنفيذي - شركة بورصة الكويت

Dear Sir,

السلام عليكم ورحمة الله وبركاته وبعد ،،،

**Interim Financial Statements for the Period  
Ended September 30<sup>th</sup> 2022**

**البيانات المالية المرحلية للفترة المنتهية في 2022/09/30**

With reference to the above subject, attached is the quarterly financial statements results form for the period ended September 30<sup>th</sup> 2022 after obtaining Central Bank of Kuwait's approval as per the attached letter.

بالإشارة إلى الموضوع أعلاه، نرفق لكم طيه نموذج نتائج البيانات المالية المرحلية لمصرفنا عن الفترة المنتهية في 2022/09/30، وذلك بعد الحصول على موافقة بنك الكويت المركزي بشأنها وفقا للكتاب المرفق.

On the other hand, and in line with the requirements of the Boursa' rules issued by virtue of resolution no. 1 of 2018 which apply to listed companies classified under the Premier Market, Boubyan bank is pleased to announce that the Analyst Conference call will be held through (Live webcast) session at 02:00 pm on Thursday , October 20<sup>th</sup> 2022. Interested analysts may send an email to: [Investor-Relations@bankboubyan.com](mailto:Investor-Relations@bankboubyan.com) in order to provide them with the Call instructions for attendance.

من جهة أخرى وعملاً بمتطلبات قواعد البورصة الصادرة بموجب القرار رقم (1) لسنة 2018 والتي تنطبق على الشركات المدرجة التي تم تصنيفها ضمن السوق الأول، يسر بنك بوبيان الإعلان عن مؤتمر المحللين والذي تقرر انعقاده عن طريق بث مباشر عبر شبكة الإنترنت (Live webcast) في تمام الساعة 02:00 من بعد ظهر يوم الخميس الموافق 2022/10/20 حيث يمكن للمحللين المهتمين التواصل مع مصرفنا على البريد الإلكتروني: [Investor-Relations@bankboubyan.com](mailto:Investor-Relations@bankboubyan.com) ليتم تزويدهم بالرابط الخاص بالمؤتمر المذكور.

Best regards,

وتفضلوا بقبول فائق الاحترام ،،،

Abdullah Al-Najran Al-Tuwaijri  
Chief Executive Officer, Private,  
Consumer, & Digital Banking



عبد الله النجران التويجري  
الرئيس التنفيذي - الخدمات المصرفية  
الخاصة، الشخصية والرقمية

Financial Results Form  
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية  
الشركات الكويتية (د.ك.)

Company Name	اسم الشركة
Boubyan Bank K.S.C.P	بنك بوبيان (ش.م.ك.ع.)

Third quarter results Ended on	2022-09-30	نتائج الربع الثالث المنتهي في
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Board of Directors Meeting Date	2022-10-10	تاريخ اجتماع مجلس الإدارة
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Required Documents	المستندات الواجب إرفاقها بالنموذج
Approved financial statements. Approved auditor's report This form shall not be deemed to be complete unless the documents mentioned above are provided	نسخة من البيانات المالية المعتمدة نسخة من تقرير مراقب الحسابات المعتمد لا يعتبر هذا النموذج مكتملاً ما لم يتم إرفاق هذه المستندات

التغيير (%)	فترة التسعة اشهر المقارنة	فترة التسعة اشهر الحالية	البيان
Change (%)	Nine Month Comparat Period	Nine Month Current Period	Statement
	2021-09-30	2022-09-30	
52%	31,892,255	48,587,607	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
39%	8.45	11.76	ربحية (خسارة) السهم الأساسية والمخففة Basic & Diluted Earnings per Share
6%	4,640,703,880	4,940,672,000	الموجودات المتداولة Current Assets
6%	7,311,418,922	7,756,514,191	إجمالي الموجودات Total Assets
-1%	5,871,257,492	5,838,241,045	المطلوبات المتداولة Current Liabilities
3%	6,575,490,142	6,784,277,358	إجمالي المطلوبات Total Liabilities
44%	551,211,091	792,609,578	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
9%	140,923,441	153,080,170	إجمالي الإيرادات التشغيلية Total Operating Revenue
4%	76,219,102	79,085,579	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
--	لا يوجد Nil	لا يوجد Nil	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

اسم



البيان	الربع الثالث الحالي	الربع الثالث المقارن	التغيير (%)
Statement	Third quarter Current Period	Third quarter Comparative Period	Change (%)
	2022-09-30	2021-09-30	
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	15,505,503	10,437,854	49%
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	3.33	2.99	11%
إجمالي الإيرادات التشغيلية Total Operating Revenue	50,819,812	48,277,133	5%
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	26,474,590	26,033,293	2%

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

سبب ارتفاع/انخفاض صافي الربح (الخسارة)	Increase/Decrease in Net Profit (Loss) is due to
يعود الارتفاع في صافي ربح فترة التسعة أشهر المنتهية في 30 سبتمبر 2022 مقارنة بفترة التسعة أشهر المنتهية في 30 سبتمبر 2021 بشكل رئيسي إلى الزيادة في صافي إيرادات التمويل بمبلغ 8,245,826 د.ك. وصافي إيرادات الأتعاب والعمولات بمبلغ 4,672,292 د.ك. والانخفاض في مخصص انخفاض القيمة بمبلغ 13,006,619 د.ك. والذي قابل ذلك جزئياً زيادة في المصروفات التشغيلية بمبلغ 9,290,052 د.ك.	The increase in net profit for the nine months ended 30 September 2022 compared to the nine months ended 30 September 2021 is mainly due to the increase in net financing income by <b>KD 8,245,826</b> , fees and commission income by <b>KD 4,672,292</b> and the decrease in the provision for impairment by <b>KD 13,006,619</b> which was partially offset by an increase in operating expenses by <b>KD 9,290,052</b>

بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	KWD 3,057,640	Total Revenue realized from dealing with related parties (value, KWD)
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	KWD 676,938	Total Expenditures incurred from dealing with related parties (value, KWD)

Auditor Opinion		رأي مراقب الحسابات
1.	Unqualified Opinion	<input checked="" type="checkbox"/> رأي غير متحفظ
2.	Qualified Opinion	<input type="checkbox"/> رأي متحفظ
3.	Disclaimer of Opinion	<input type="checkbox"/> عدم إبداء الرأي
4.	Adverse Opinion	<input type="checkbox"/> رأي معاكس


In the event of selecting item No. 2, 3 or 4, the following table must be filled out, and this form is not considered complete unless it is filled.

بحال اختيار بند رقم 2 أو 3 أو 4 يجب تعبئة الجدول التالي، ولا يعتبر هذا النموذج مكتملاً ما لم يتم تعبئته

N/A	نص رأي مراقب الحسابات كما ورد في التقرير
N/A	شرح تفصيلي بالحالة التي استدعت مراقب الحسابات لإبداء الرأي
N/A	الخطوات التي ستقوم بها الشركة لمعالجة ما ورد في رأي مراقب الحسابات
N/A	الجدول الزمني لتنفيذ الخطوات لمعالجة ما ورد في رأي مراقب الحسابات

اسم

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
لا يوجد Nil	لا يوجد Nil	توزيعات نقدية	Cash Dividends
لا يوجد Nil	لا يوجد Nil	توزيعات أسهم منحة	Bonus Share
لا يوجد Nil	لا يوجد Nil	توزيعات أخرى	Other Dividend
لا يوجد Nil	لا يوجد Nil	عدم توزيع أرباح	No Dividends
لا يوجد Nil	لا يوجد Nil	علاوة الإصدار Issue Premium	لا يوجد Nil
لا يوجد Nil	لا يوجد Nil	زيادة رأس المال	
لا يوجد Nil	لا يوجد Nil	Capital Increase	
لا يوجد Nil	لا يوجد Nil	زيادة رأس المال	
لا يوجد Nil	لا يوجد Nil	Capital Decrease	

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
 بنك بويان Boubyan Bank 014		الرئيس التنفيذي - الخدمات المصرفية الخاصة، الشخصية والرقمية	عبد الله النجران التوجيهي

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BOUBYAN BANK K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Boubyan Bank K.S.C.P. (the “Bank”) and its subsidiaries (collectively “the Group”) as at 30 September 2022, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of other comprehensive income for the three and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

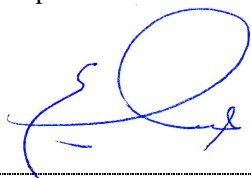
### *Conclusion*

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

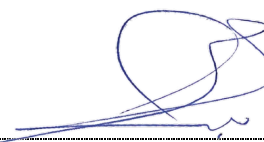
### **Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, and Law No.7 of 2010, concerning the Capital Markets Authority, and its related regulations, during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM AL SAMDAN  
LICENCE NO. 208 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS



BADER A. AL-WAZZAN  
LICENCE NO. 62A  
DELOITTE & TOUCHE  
AL-WAZZAN & CO.

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**

For the period from 1 January 2022 to 30 September 2022

		Three months ended 30 September		Nine months ended 30 September	
		2022	2021	2022	2021
	Notes	KD'000's	KD'000's	KD'000's	KD'000's
<b>Income</b>					
Murabaha and other Islamic financing income		73,770	56,984	200,175	167,322
Finance cost and distribution to depositors		(32,169)	(16,663)	(72,536)	(47,929)
<b>Net financing income</b>		<b>41,601</b>	<b>40,321</b>	<b>127,639</b>	<b>119,393</b>
Net investment income	3	1,795	1,543	3,861	5,738
Net fees and commission income		5,326	5,158	17,156	12,484
Net foreign exchange gain		2,098	1,255	4,424	3,308
<b>Operating income</b>		<b>50,820</b>	<b>48,277</b>	<b>153,080</b>	<b>140,923</b>
Staff costs		(15,196)	(13,159)	(45,196)	(38,477)
General and administrative expenses		(5,986)	(6,500)	(19,451)	(18,759)
Depreciation		(3,163)	(2,585)	(9,347)	(7,468)
<b>Operating expenses</b>		<b>(24,345)</b>	<b>(22,244)</b>	<b>(73,994)</b>	<b>(64,704)</b>
<b>Operating profit before provision for impairment</b>		<b>26,475</b>	<b>26,033</b>	<b>79,086</b>	<b>76,219</b>
Provision for impairment	4	(9,663)	(15,848)	(31,245)	(44,252)
<b>Operating profit before deductions</b>		<b>16,812</b>	<b>10,185</b>	<b>47,841</b>	<b>31,967</b>
Taxation	5	(2,171)	(101)	(2,207)	(751)
<b>Net profit for the period</b>		<b>14,641</b>	<b>10,084</b>	<b>45,634</b>	<b>31,216</b>
<b>Attributable to:</b>					
Equity holders of the Bank		15,506	10,438	48,588	31,892
Non-controlling interests		(865)	(354)	(2,954)	(676)
<b>Net profit for the period</b>		<b>14,641</b>	<b>10,084</b>	<b>45,634</b>	<b>31,216</b>
<b>Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)</b>	6	<b>3.33</b>	<b>2.99</b>	<b>11.76</b>	<b>8.45</b>

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the period from 1 January 2022 to 30 September 2022

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	KD'000's	KD'000's	KD'000's	KD'000's
<b>Net profit for the period</b>	<b>14,641</b>	10,084	<b>45,634</b>	31,216
<b>Other comprehensive income/ (loss):</b>				
<b>Items that are or may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</b>				
Change in fair value of debt investments at fair value through other comprehensive income	<b>5,061</b>	(1,116)	<b>3,694</b>	4,806
Foreign currency translation adjustments	<b>(4,231)</b>	(869)	<b>(5,620)</b>	(2,056)
<b>Items that will not be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</b>				
Change in fair value of equity investments at fair value through other comprehensive income	<b>214</b>	275	<b>(124)</b>	690
<b>Other comprehensive income / (loss) for the period</b>	<b>1,044</b>	(1,710)	<b>(2,050)</b>	3,440
<b>Total comprehensive income for the period</b>	<b>15,685</b>	8,374	<b>43,584</b>	34,656
<b>Attributable to:</b>				
Equity holders of the Bank	<b>19,385</b>	9,494	<b>51,167</b>	36,328
Non-controlling interests	<b>(3,700)</b>	(1,120)	<b>(7,583)</b>	(1,672)
<b>Total comprehensive income for the period</b>	<b>15,685</b>	8,374	<b>43,584</b>	34,656

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.



**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at 30 September 2022

	<i>Notes</i>	<b>30 September 2022</b>	(Audited) 31 December 2021	30 September 2021
		<b>KD'000's</b>	<b>KD'000's</b>	<b>KD'000's</b>
<b>Assets</b>				
Cash and balances with banks	7	<b>320,891</b>	350,500	356,828
Deposits with Central Bank of Kuwait		<b>396,642</b>	225,858	308,972
Deposits with other banks		<b>236,117</b>	387,915	464,962
Islamic financing to customers	8	<b>5,814,040</b>	5,513,074	5,312,621
Investment in Sukuk	9	<b>546,973</b>	529,253	517,190
Other investment securities	9	<b>154,323</b>	125,875	108,349
Investment properties		<b>30,599</b>	21,706	46,646
Other assets		<b>137,336</b>	89,515	92,226
Property and equipment		<b>119,593</b>	108,203	103,625
<b>Total assets</b>		<b>7,756,514</b>	7,351,899	7,311,419
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks		<b>224,526</b>	395,150	669,900
Depositors' accounts		<b>5,807,009</b>	5,618,787	5,449,242
Medium term financing	10	<b>645,416</b>	485,371	332,514
Other liabilities		<b>107,326</b>	102,519	123,834
<b>Total liabilities</b>		<b>6,784,277</b>	6,601,827	6,575,490
<b>Equity</b>				
Share capital		<b>373,868</b>	317,970	317,970
Share premium		<b>316,942</b>	156,942	156,942
Proposed bonus shares		-	15,898	-
Treasury shares	12	<b>(54)</b>	(54)	(54)
Statutory reserve		<b>40,651</b>	40,651	35,512
Voluntary reserve		<b>15,327</b>	15,327	15,327
Other reserves	13	<b>(614)</b>	(3,193)	(1,899)
Retained earnings		<b>46,490</b>	4,100	27,413
Proposed cash dividends		-	15,896	-
<b>Equity attributable to equity holders of the Bank</b>		<b>792,610</b>	563,537	551,211
Perpetual Tier 1 Sukuk	18	<b>150,385</b>	150,385	150,385
Non-controlling interests		<b>29,242</b>	36,150	34,333
<b>Total equity</b>		<b>972,237</b>	750,072	735,929
<b>Total liabilities and equity</b>		<b>7,756,514</b>	7,351,899	7,311,419



**Abdulaziz Abdullah Dakheel Al-Shaya**  
Chairman



**Adel Abdul Wahab Al Majeed**  
Vice Chairman & Group Chief Executive Officer

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.

الإشارة : ...../105/2..... Ref. :

التاريخ : 22 ربيع الأول 1444..... Date :

الموافق : 18 أكتوبر 2022.....

السيد نائب رئيس مجلس الإدارة والرئيس التنفيذي للمجموعة المحترم  
بنك بوبيان

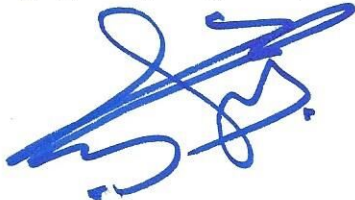
تحية طيبة وبعد،

بالإشارة إلى كتابكم المؤرخ 2022/10/10 المرفق به البيانات المالية المرحلية المجمعة لمصرفكم عن الفترة المنتهية في 2022/9/30، والتي تم إعدادها لأغراض النشر وفقاً لمتطلبات بورصة الكويت، وعطفاً على الإيضاحات والبيانات التفصيلية الواردة إلينا في هذا الشأن والتي كان آخرها بتاريخ 2022/10/17.

نفيدكم بأن بنك الكويت المركزي قد أحيط علماً بما جاء في البيانات المشار إليها، وعليه فإنه يمكنكم اتخاذ كافة الإجراءات الضرورية المتبعة في مثل هذا الخصوص.

وتفضلوا بقبول فائق الاحترام،،،

عبد الحميد داود العوض



مدير إدارة الرقابة الميدانية

- نسخة إلى بورصة الكويت.

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**30 SEPTEMBER 2022**

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

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For the period from 1 January 2022 to 30 September 2022

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BOUBYAN BANK K.S.C.P.**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Boubyan Bank K.S.C.P. (the “Bank”) and its subsidiaries (collectively “the Group”) as at 30 September 2022, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of other comprehensive income for the three and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### *Scope of Review*

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

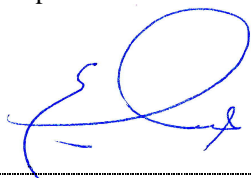
### *Conclusion*

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

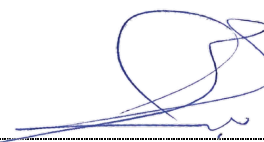
### **Report on other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, and Law No.7 of 2010, concerning the Capital Markets Authority, and its related regulations, during the nine months period ended 30 September 2022 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM AL SAMDAN  
LICENCE NO. 208 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS



BADER A. AL-WAZZAN  
LICENCE NO. 62A  
DELOITTE & TOUCHE  
AL-WAZZAN & CO.

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**

For the period from 1 January 2022 to 30 September 2022

		Three months ended 30 September		Nine months ended 30 September	
		2022	2021	2022	2021
	Notes	KD'000's	KD'000's	KD'000's	KD'000's
<b>Income</b>					
Murabaha and other Islamic financing income		73,770	56,984	200,175	167,322
Finance cost and distribution to depositors		(32,169)	(16,663)	(72,536)	(47,929)
<b>Net financing income</b>		<b>41,601</b>	<b>40,321</b>	<b>127,639</b>	<b>119,393</b>
Net investment income	3	1,795	1,543	3,861	5,738
Net fees and commission income		5,326	5,158	17,156	12,484
Net foreign exchange gain		2,098	1,255	4,424	3,308
<b>Operating income</b>		<b>50,820</b>	<b>48,277</b>	<b>153,080</b>	<b>140,923</b>
Staff costs		(15,196)	(13,159)	(45,196)	(38,477)
General and administrative expenses		(5,986)	(6,500)	(19,451)	(18,759)
Depreciation		(3,163)	(2,585)	(9,347)	(7,468)
<b>Operating expenses</b>		<b>(24,345)</b>	<b>(22,244)</b>	<b>(73,994)</b>	<b>(64,704)</b>
<b>Operating profit before provision for impairment</b>		<b>26,475</b>	<b>26,033</b>	<b>79,086</b>	<b>76,219</b>
Provision for impairment	4	(9,663)	(15,848)	(31,245)	(44,252)
<b>Operating profit before deductions</b>		<b>16,812</b>	<b>10,185</b>	<b>47,841</b>	<b>31,967</b>
Taxation	5	(2,171)	(101)	(2,207)	(751)
<b>Net profit for the period</b>		<b>14,641</b>	<b>10,084</b>	<b>45,634</b>	<b>31,216</b>
<b>Attributable to:</b>					
Equity holders of the Bank		15,506	10,438	48,588	31,892
Non-controlling interests		(865)	(354)	(2,954)	(676)
<b>Net profit for the period</b>		<b>14,641</b>	<b>10,084</b>	<b>45,634</b>	<b>31,216</b>
<b>Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)</b>	6	<b>3.33</b>	<b>2.99</b>	<b>11.76</b>	<b>8.45</b>

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the period from 1 January 2022 to 30 September 2022

	Three months ended 30 September		Nine months ended 30 September	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>KD'000's</b>	KD'000's	<b>KD'000's</b>	KD'000's
<b>Net profit for the period</b>	<b>14,641</b>	10,084	<b>45,634</b>	31,216
<b>Other comprehensive income/ (loss):</b>				
<b>Items that are or may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</b>				
Change in fair value of debt investments at fair value through other comprehensive income	<b>5,061</b>	(1,116)	<b>3,694</b>	4,806
Foreign currency translation adjustments	<b>(4,231)</b>	(869)	<b>(5,620)</b>	(2,056)
<b>Items that will not be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</b>				
Change in fair value of equity investments at fair value through other comprehensive income	<b>214</b>	275	<b>(124)</b>	690
<b>Other comprehensive income / (loss) for the period</b>	<b>1,044</b>	(1,710)	<b>(2,050)</b>	3,440
<b>Total comprehensive income for the period</b>	<b>15,685</b>	8,374	<b>43,584</b>	34,656
<b>Attributable to:</b>				
Equity holders of the Bank	<b>19,385</b>	9,494	<b>51,167</b>	36,328
Non-controlling interests	<b>(3,700)</b>	(1,120)	<b>(7,583)</b>	(1,672)
<b>Total comprehensive income for the period</b>	<b>15,685</b>	8,374	<b>43,584</b>	34,656

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES****INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at 30 September 2022

	<i>Notes</i>	<b>30 September 2022</b>	(Audited) 31 December 2021	30 September 2021
		<b>KD'000's</b>	<b>KD'000's</b>	<b>KD'000's</b>
<b>Assets</b>				
Cash and balances with banks	7	<b>320,891</b>	350,500	356,828
Deposits with Central Bank of Kuwait		<b>396,642</b>	225,858	308,972
Deposits with other banks		<b>236,117</b>	387,915	464,962
Islamic financing to customers	8	<b>5,814,040</b>	5,513,074	5,312,621
Investment in Sukuk	9	<b>546,973</b>	529,253	517,190
Other investment securities	9	<b>154,323</b>	125,875	108,349
Investment properties		<b>30,599</b>	21,706	46,646
Other assets		<b>137,336</b>	89,515	92,226
Property and equipment		<b>119,593</b>	108,203	103,625
<b>Total assets</b>		<b>7,756,514</b>	7,351,899	7,311,419
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks		<b>224,526</b>	395,150	669,900
Depositors' accounts		<b>5,807,009</b>	5,618,787	5,449,242
Medium term financing	10	<b>645,416</b>	485,371	332,514
Other liabilities		<b>107,326</b>	102,519	123,834
<b>Total liabilities</b>		<b>6,784,277</b>	6,601,827	6,575,490
<b>Equity</b>				
Share capital		<b>373,868</b>	317,970	317,970
Share premium		<b>316,942</b>	156,942	156,942
Proposed bonus shares		-	15,898	-
Treasury shares	12	<b>(54)</b>	(54)	(54)
Statutory reserve		<b>40,651</b>	40,651	35,512
Voluntary reserve		<b>15,327</b>	15,327	15,327
Other reserves	13	<b>(614)</b>	(3,193)	(1,899)
Retained earnings		<b>46,490</b>	4,100	27,413
Proposed cash dividends		-	15,896	-
<b>Equity attributable to equity holders of the Bank</b>		<b>792,610</b>	563,537	551,211
Perpetual Tier 1 Sukuk	18	<b>150,385</b>	150,385	150,385
Non-controlling interests		<b>29,242</b>	36,150	34,333
<b>Total equity</b>		<b>972,237</b>	750,072	735,929
<b>Total liabilities and equity</b>		<b>7,756,514</b>	7,351,899	7,311,419



**Abdulaziz Abdullah Dakheel Al-Shaya**  
**Chairman**



**Adel Abdul Wahab Al Majeed**  
**Vice Chairman & Group Chief Executive Officer**

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.



# BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from 1 January 2022 to 30 September 2022

	Share capital	Share premium	Proposed bonus shares	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 13)	Retained earnings	Proposed cash dividends	Equity attributable to equity holders of the Bank	Perpetual tier 1 Sukuk	Non-controlling interests	Total equity
	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's
<b>Balance at 1 January 2022</b>	<b>317,970</b>	<b>156,942</b>	<b>15,898</b>	<b>(54)</b>	<b>40,651</b>	<b>15,327</b>	<b>(3,193)</b>	<b>4,100</b>	<b>15,896</b>	<b>563,537</b>	<b>150,385</b>	<b>36,150</b>	<b>750,072</b>
Profit /(loss) for the period	-	-	-	-	-	-	-	48,588	-	48,588	-	(2,954)	45,634
Other comprehensive income /(loss)	-	-	-	-	-	-	2,579	-	-	2,579	-	(4,629)	(2,050)
Total comprehensive income /(loss) for the period	-	-	-	-	-	-	2,579	48,588	-	51,167	-	(7,583)	43,584
Dividends paid (note 19)	-	-	-	-	-	-	-	-	(15,896)	(15,896)	-	-	(15,896)
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(6,068)	-	(6,068)	-	-	(6,068)
Issue of bonus shares (note 19)	15,898	-	(15,898)	-	-	-	-	-	-	-	-	-	-
Right shares issued (note 19)	40,000	160,000	-	-	-	-	-	-	-	200,000	-	-	200,000
Cost directly related to increase in share capital	-	-	-	-	-	-	-	(130)	-	(130)	-	-	(130)
Other movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	675	675
<b>Balance at 30 September 2022</b>	<b>373,868</b>	<b>316,942</b>	<b>-</b>	<b>(54)</b>	<b>40,651</b>	<b>15,327</b>	<b>(614)</b>	<b>46,490</b>	<b>-</b>	<b>792,610</b>	<b>150,385</b>	<b>29,242</b>	<b>972,237</b>
Balance at 1 January 2021	302,827	156,942	-	(54)	35,512	30,468	(21,958)	14,123	-	517,860	75,388	33,482	626,730
Profit / (loss) for the period	-	-	-	-	-	-	-	31,892	-	31,892	-	(676)	31,216
Other comprehensive income/(loss)	-	-	-	-	-	-	4,436	-	-	4,436	-	(996)	3,440
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	4,436	31,892	-	36,328	-	(1,672)	34,656
Net transfer to retained earnings for equity investment at FVOCI	-	-	-	-	-	-	15,623	(15,623)	-	-	-	-	-
Issue of bonus shares (note 19)	15,143	-	-	-	-	(15,141)	-	(2)	-	-	-	-	-
Redemption of Tier 1 Sukuk	-	-	-	-	-	-	-	-	-	-	(75,388)	-	(75,388)
Issue of Tier 1 Sukuk (note 18)	-	-	-	-	-	-	-	-	-	-	150,385	-	150,385
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(2,367)	-	(2,367)	-	-	(2,367)
Transaction costs on issue of Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(610)	-	(610)	-	-	(610)
Other movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,523	2,523
Balance at 30 September 2021	317,970	156,942	-	(54)	35,512	15,327	(1,899)	27,413	-	551,211	150,385	34,333	735,929

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.

**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the period from 1 January 2022 to 30 September 2022

		Nine months ended 30 September	
	Notes	2022 KD'000's	2021 KD'000's
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		45,634	31,216
<b>Adjustments for:</b>			
Provision for impairment	4	31,245	44,252
Depreciation		9,347	7,468
Foreign currency translation adjustments		3,449	1,313
Dividend income	3	(2,304)	(2,218)
Net loss/(gain) from financial assets at fair value through profit or loss	3	1,212	(1,571)
Net loss/(gain) from sale of debt investments at FVOCI	3	162	(319)
Realized gain on sale of investment properties	3	(1,174)	-
Share of results of associates	3	(796)	(328)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>86,775</b>	<b>79,813</b>
<b>Changes in operating assets and liabilities:</b>			
Deposits with Central Bank of Kuwait		(773)	(7,102)
Deposits with other banks		(71,187)	47,584
Islamic financing to customers		(326,037)	(577,595)
Other assets		(18,945)	(2,694)
Due to banks		(181,456)	388,529
Depositors' accounts		198,044	341,514
Other liabilities		1,191	21,358
<b>Net cash (used in)/ generated from operating activities</b>		<b>(312,388)</b>	<b>291,407</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of investment securities		(265,717)	(178,436)
Proceeds from sale/redemption of investment securities		202,957	176,869
Purchase of investment properties		(22,923)	(660)
Proceeds from sale of investment properties		12,630	-
Purchase of property and equipment		(20,737)	(19,734)
Dividend income received		2,307	2,218
<b>Net cash used in investing activities</b>		<b>(91,483)</b>	<b>(19,743)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from increase in share capital and share premium		200,000	-
Cost directly related to increase in share capital		(130)	-
Profit distribution on perpetual Tier 1 Sukuk		(6,068)	(2,367)
Transaction costs on issue of Perpetual Tier 1 Sukuk		-	(610)
Net movement of non-controlling interest		675	2,523
Net proceeds from issue of Perpetual Tier 1 Sukuk		-	150,385
Redemption of Tier 1 Sukuk		-	(75,388)
Dividends paid		(15,896)	-
Issuance of medium term financing		152,225	29,964
Other movement in medium term financing		(10,593)	(7,009)
<b>Net cash generated from financing activities</b>		<b>320,213</b>	<b>97,498</b>
Net change in cash and cash equivalents		(83,658)	369,162
Foreign currency translation adjustments		1,130	(1,645)
Cash and cash equivalents at beginning of the period		766,008	587,200
<b>Cash and cash equivalents at end of the period</b>	7	<b>683,480</b>	<b>954,717</b>

The notes from 1 to 20 form an integral part of this interim condensed consolidated financial information.

## **BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

For the period from 1 January 2022 to 30 September 2022

#### **1. INCORPORATION AND ACTIVITIES**

Boubyan Bank K.S.C.P. (“the Bank”) is a Kuwaiti public shareholding company incorporated on 21 September 2004, in accordance with the Commercial Companies Law in the State of Kuwait, by Amiri Decree No. 88 published on April 18<sup>th</sup> 2004, in accordance with the rules and regulations of the Central Bank of Kuwait (“CBK”) (Law No. 30 of 2003).

The Bank’s shares were listed on the Kuwait Stock Exchange on 15 May 2006.

The Bank was licensed by the Central Bank of Kuwait to do business on 28 November 2004.

The Bank is principally engaged in providing banking services, in accordance with Codes of the Islamic Sharia’a, as approved by the Bank’s Sharia’a Supervisory Board.

The Bank is a subsidiary of National Bank of Kuwait S.A.K.P (“the Parent Company”).

This interim condensed consolidated financial information as at and for the nine months period ended 30 September 2022 incorporates the financial information of the Bank and its principal operating subsidiaries, BLME Holdings plc, Boubyan Takaful Insurance Company K.S.C. (Closed) and Boubyan Capital Investment Company K.S.C. (Closed), (together referred to as “the Group”) and the Group’s interests in associates.

The address of the Bank’s registered office is P.O. Box 25507, Safat 13116, State of Kuwait.

This interim condensed consolidated financial information was authorised for issue by the Board of Directors on 10 October 2022.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of preparation**

- (a) The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’, as amended for point (b) below:
- (b) The interim condensed consolidated financial information have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards as issued by International Accounting Standards Board (IASB) with the following amendments:
  - Expected credit loss (“ECL”) to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures; and
  - Modification losses on financial assets, arising from payment holidays to customers extended during the financial year ended 31 December 2020 as a result of Covid-19, to be recognised in retained earnings as required by the CBK circular no. 2/BS/IBS/461/2020 instead of consolidated statement of profit or loss in accordance with IFRS 9. However, modification losses on financial assets, arising from any other payment holidays to customers including payment holidays extended during the year ended 31 December 2021 in response to Covid-19 shall be recognized in the consolidated statement of profit or loss. The application of the policy results in application of different accounting presentation for modification losses in 2020 compared to other periods.

The above framework is herein after referred to as ‘IFRS as adopted by CBK for use by the State of Kuwait’.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021. Further, results for the nine months period ended 30 September 2022, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

# BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2022 to 30 September 2022

### 3. NET INVESTMENT INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	KD'000's	KD'000's	KD'000's	KD'000's
Dividend income	871	679	2,304	2,218
Net (loss)/gain from financial assets at fair value through profit or loss	(364)	244	(1,212)	1,571
Net (loss)/gain from sale of debt investments at FVOCI	(115)	155	(162)	319
Realized gain on sale of investment properties	154	-	1,174	-
Net rental income from investment properties	416	374	961	1,302
Share of results of associates	833	91	796	328
	<b>1,795</b>	<b>1,543</b>	<b>3,861</b>	<b>5,738</b>

### 4. PROVISION FOR IMPAIRMENT

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	KD'000's	KD'000's	KD'000's	KD'000's
Provision charge for Islamic financing to customers	8,601	11,212	25,719	36,711
ECL – Other financial assets	1,062	4,636	5,526	7,541
	<b>9,663</b>	<b>15,848</b>	<b>31,245</b>	<b>44,252</b>

### 5. TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	KD'000's	KD'000's	KD'000's	KD'000's
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	159	98	550	298
National Labour Support Tax ("NLST")	417	286	1,302	865
Zakat (Based on Zakat law no: 46/2006)	167	114	521	346
Overseas tax	1,428	(397)	(166)	(758)
	<b>2,171</b>	<b>101</b>	<b>2,207</b>	<b>751</b>

### 6. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to the equity holders of the Bank by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the net profit for the period attributable to the equity holders of the Bank by the weighted average number of shares outstanding during the period plus the weighted average number of share that would be issued on the conversion of all the dilutive potential shares into shares.

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
Net profit for the period attributable to the equity holders of the Bank (KD'000)	15,506	10,438	48,588	31,892
Less: profit payment on Perpetual Tier 1 Sukuk (KD'000)	(3,067)	-	(6,068)	(2,367)
	<b>12,439</b>	<b>10,438</b>	<b>42,520</b>	<b>29,525</b>
Weighted average number of shares outstanding during the period net of treasury shares (thousands of shares)	3,738,207	3,493,450	3,617,175	3,493,466
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	<b>3.33</b>	<b>2.99</b>	<b>11.76</b>	<b>8.45</b>

Earnings per share for the prior period were 3.28 and 9.29 fils before retroactive adjustment to the number of shares following the bonus issue and right shares issued in 2022 (Note 19).



**BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES**
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

For the period from 1 January 2022 to 30 September 2022

**7. CASH AND CASH EQUIVALENTS**

	<b>30 September 2022</b>	(Audited) 31 December 2021	30 September 2021
	<b>KD'000's</b>	KD'000's	KD'000's
Cash and balances with banks	<b>320,891</b>	350,500	356,828
Placements with banks maturing within seven days	<b>362,589</b>	415,508	597,889
	<b>683,480</b>	766,008	954,717

**8. ISLAMIC FINANCING TO CUSTOMERS**

	<b>30 September 2022</b>	(Audited) 31 December 2021	30 September 2021
	<b>KD'000's</b>	KD'000's	KD'000's
Islamic financing to customers	<b>6,005,283</b>	5,678,933	5,478,204
Provision for impairment	<b>(191,243)</b>	(165,859)	(165,583)
	<b>5,814,040</b>	5,513,074	5,312,621

The available provision for impairment on non-cash facilities of **KD 3,497** thousands (31 December 2021: KD 2,850 thousands, 30 September 2021: KD 2,780 thousands) is included under other liabilities.

An analysis of the carrying amounts of Credit Facilities, and the corresponding Expected Credit Losses based on the staging criteria under IFRS 9 in accordance with CBK regulations. For contingent liabilities, the amounts in the table represent the amounts committed or guaranteed, respectively.

	<b>Stage 1 KD'000's</b>	<b>Stage 2 KD'000's</b>	<b>Stage 3 KD'000's</b>	<b>Total KD'000's</b>
<b>30 September 2022</b>				
Islamic financing to customers	<b>5,694,463</b>	<b>249,793</b>	<b>61,027</b>	<b>6,005,283</b>
Contingent liabilities (Note 14)	<b>334,977</b>	<b>74,737</b>	<b>3,131</b>	<b>412,845</b>
Commitments (revocable and irrevocable) to extend credit	<b>885,241</b>	<b>35,082</b>	<b>54</b>	<b>920,377</b>
<b>31 December 2021</b>				
Islamic financing to customers	5,367,692	258,529	52,712	5,678,933
Contingent liabilities (Note 14)	323,746	66,407	3,517	393,670
Commitments (revocable and irrevocable) to extend credit	827,682	17,218	279	845,179
<b>30 September 2021</b>				
Islamic financing to customers	5,153,454	268,141	56,609	5,478,204
Contingent liabilities (Note 14)	309,214	65,328	3,529	378,071
Commitments (revocable and irrevocable) to extend credit	847,496	4,324	270	852,090

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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### 8. ISLAMIC FINANCING TO CUSTOMERS (continued)

An analysis of the carrying amounts of credit facilities, and the corresponding Expected Credit Losses based on the staging criteria under IFRS 9 in accordance with CBK regulations is as follows:

	Stage 1	Stage 2	Stage 3	Total
	KD 000's	KD 000's	KD 000's	KD 000's
ECL allowance as at 1 January 2022	22,417	14,628	26,445	63,490
Impact due to transfer between stages	358	(2,835)	2,477	-
Transfer from Stage 1	(1,632)	383	1,249	-
Transfer from Stage 2	1,393	(3,223)	1,830	-
Transfer from Stage 3	597	5	(602)	-
Additional ECL for the period	(247)	1,970	6,000	7,723
Amount written off and recoveries	-	-	4,014	4,014
Foreign currency translation	(21)	(229)	(2,808)	(3,058)
<b>At 30 September 2022</b>	<b>22,507</b>	<b>13,534</b>	<b>36,128</b>	<b>72,169</b>
ECL allowance as at 1 January 2021	20,316	19,780	22,159	62,255
Impact due to transfer between stages	1,081	(767)	(314)	-
Transfer from Stage 1	(780)	149	631	-
Transfer from Stage 2	1,273	(3,257)	1,984	-
Transfer from Stage 3	588	2,341	(2,929)	-
Additional ECL for the period	(3,260)	(6,576)	6,250	(3,586)
Amount written off and recoveries	-	-	692	692
Foreign currency translation	(40)	(12)	(153)	(205)
<b>At 30 September 2021</b>	<b>18,097</b>	<b>12,425</b>	<b>28,634</b>	<b>59,156</b>

### 9. INVESTMENT SECURITIES

	(Audited)		
	30 September	31 December	30 September
	2022	2021	2021
	KD'000's	KD'000's	KD'000's
Investment in Sukuk	546,973	529,253	517,190
Financial assets at fair value through profit or loss	130,818	102,848	87,232
Financial assets at fair value through other comprehensive income	20,237	19,853	18,020
Investment in associates	3,268	3,174	3,097
	<b>701,296</b>	<b>655,128</b>	<b>625,539</b>

	(Audited)		
	30 September	31 December	30 September
	2022	2021	2021
	KD'000's	KD'000's	KD'000's
<b>Investment in Sukuk</b>			
Investment in Sukuk- FVOCI	528,979	510,388	498,334
Investment in Sukuk- FVTPL	17,994	18,865	18,856
	<b>546,973</b>	<b>529,253</b>	<b>517,190</b>
<b>Financial assets at fair value through profit or loss</b>			
Investment in unquoted equity funds	130,818	102,848	87,232
	<b>130,818</b>	<b>102,848</b>	<b>87,232</b>
<b>Financial assets at fair value through other comprehensive income</b>			
Investment in unquoted equity securities	17,146	16,600	15,371
Investment in quoted equity securities	3,091	3,253	2,649
	<b>20,237</b>	<b>19,853</b>	<b>18,020</b>

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For the period from 1 January 2022 to 30 September 2022

**10. MEDIUM TERM FINANCING**

	<b>30 September 2022</b>	<b>(Audited) 31 December 2021</b>	<b>30 September 2021</b>
	<b>KD'000's</b>	<b>KD'000's</b>	<b>KD'000's</b>
Global Medium Term Sukuk ("GMTN programme")*	<b>381,304</b>	229,137	226,998
Other medium term financing**	<b>264,112</b>	256,234	105,516
	<b>645,416</b>	485,371	332,514

\* The Bank established a USD 1 billion Global Medium Term Sukuk programme ("GMTN programme") in 2019, which has been subsequently revised to USD 3 billion in 2022.

On 29 March 2022, the Bank issued senior unsecured Sukuk amounting to USD 500 million due in March 2027 under the GMTN programme through a wholly owned special purpose vehicle. This Sukuk was issued at 100 per cent of nominal value and carries a fixed profit rate at 3.389% per annum payable semi-annually in arrears.

During the prior years, on 18 February 2020, the Bank issued senior unsecured Sukuk amounting to USD 750 million due in February 2025 under the GMTN programmed through a wholly owned special purpose vehicle. This Sukuk was issued at 100 per cent of nominal value and carries a fixed profit rate at 2.593% per annum payable semi-annually in arrears.

\*\* Other medium term financing has a tenor of three years and carry a profit rate in the range of 3.7% to 4.5%.

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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#### 11. RELATED PARTY TRANSACTIONS

Related parties comprise the major shareholders, board of directors, entities controlled by them or under their joint control, associates, key management personnel and their close family members and the Parent Company including their board member, key management personnel, branches, associates and subsidiaries. Balances with related parties arise from commercial transactions in the normal course of business on an arm's length basis and are included within the following financial information captions:

	Number of board members or executive officers			Number of related parties			(Audited)		
	30 September 2022	31 December 2021	30 September 2021	30 September 2022	31 December 2021	30 September 2021	30 September 2022	31 December 2021	30 September 2021
							KD'000's	KD'000's	KD'000's
Islamic financing to customers	10	10	7	2	-	-	47,931	360	333
Depositors' accounts	24	24	15	22	22	18	18,951	13,725	8,618
Letters of guarantee and letters of credit	-	1	1	1	2	2	13	370	370
Murabaha and other Islamic financing income							1,180	11	11
Finance cost and distribution to depositors							(3)	(3)	(2)
<b>Parent Company</b>									
Due from banks							114,863	117,243	255,022
Due to banks							30,908	31,797	98,679
Depositors accounts							336	508	645
Murabaha and other Islamic financing income							1,878	788	495
Finance cost and distribution to depositors							(674)	(920)	(824)

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**11. RELATED PARTY TRANSACTIONS (continued)****Compensation of key management personnel**

Details of compensation to key management comprise the following:

	Three months ended 30 September		Nine months ended 30 September	
	2022	2021	2022	2021
	KD'000's	KD'000's	KD'000's	KD'000's
Short-term benefits	911	781	2,548	2,054
Post-employment benefits	158	141	476	359
Deferred compensation	232	187	685	544
	<b>1,301</b>	<b>1,109</b>	<b>3,709</b>	<b>2,957</b>

**12. TREASURY SHARES**

The Bank held the following treasury shares:

	30 September 2022	(Audited) 31 December 2021	30 September 2021
Number of treasury shares	475,652	420,376	420,376
Treasury shares as a percentage of total issued shares - %	0.01272%	0.01322%	0.01322%
Cost of treasury shares – KD thousand	54	54	54
Market value of treasury shares – KD thousand	364	332	324
Weighted average of market value per share – KD	0.840	0.711	0.688

**13. OTHER RESERVES**

	Fair value reserve	Foreign currency translation reserve	Change in actuarial valuation reserve	Total
	KD'000's	KD'000's	KD'000's	KD'000's
<b>Balance at 1 January 2022</b>	<b>11,891</b>	<b>(11,508)</b>	<b>(3,576)</b>	<b>(3,193)</b>
Other comprehensive income/(loss) for the period	3,570	(991)	-	2,579
Total comprehensive income/(loss) for the period	3,570	(991)	-	2,579
<b>Balance at 30 September 2022</b>	<b>15,461</b>	<b>(12,499)</b>	<b>(3,576)</b>	<b>(614)</b>
Balance at 1 January 2021	(8,363)	(10,503)	(3,092)	(21,958)
Other comprehensive income/(loss) for the period	5,496	(1,060)	-	4,436
Total comprehensive income/(loss) for the period	5,496	(1,060)	-	4,436
Net transfer to retained earnings for equity investment at FVOCI	15,623	-	-	15,623
Balance at 30 September 2021	12,756	(11,563)	(3,092)	(1,899)

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**14. CONTINGENCIES AND COMMITMENTS**

At the financial reporting date there were outstanding contingencies and commitments entered into during the ordinary course of business in respect of the following:

	30 September 2022	(Audited) 31 December 2021	30 September 2021
	KD'000's	KD'000's	KD'000's
Guarantees	292,232	292,528	282,287
Acceptances and letters of credit	120,613	101,142	95,784
Other commitments	158,650	125,818	143,737
	<b>571,495</b>	<b>519,488</b>	<b>521,808</b>

**15. SEGMENT REPORTING**

Operating segments are identified on the basis of internal reports that are regularly reviewed by the decision makers in order to allocate resources to the segments and to assess their performance. The operating segments are divided as either business segments or geographical segments.

**Business Segments**

For management purposes, the Bank is organized into the following four major business segments:

**Consumer banking:** Provides a diversified range of products and services to individuals and institutional customers. The range includes consumer finance, credit cards, deposits and other branch related services.

**Corporate banking:** Provides Murabaha, Ijarah, trade service and other related services to business and corporate customers.

**Investment banking and International operations:** Principally handling direct investments, investment in associates, local and international real estate investment, asset and wealth management.

**Treasury:** Principally handling local and international Murabaha and other Islamic financing, primarily with banks, as well as the management of the Bank's funding operations.

**Group centre:** Includes other group activities and residual in respect of transfer pricing and inter segment allocation.

	Consumer banking	Corporate banking	Investment banking and International operations	Treasury	Group centre	Total
	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's
<b>Nine months ended 30 September 2022</b>						
Net financing income	73,795	32,036	7,007	7,053	7,748	127,639
Operating income	81,714	38,396	16,510	11,473	4,987	153,080
Net profit/(loss) for the period	49,506	34,149	(9,408)	10,776	(39,389)	45,634
Total assets	2,514,793	3,532,283	724,218	858,618	126,602	7,756,514
Total liabilities	3,612,855	506,484	676,733	1,468,267	519,938	6,784,277
<b>Nine months ended 30 September 2021</b>						
Net financing income	66,560	29,584	7,215	8,345	7,689	119,393
Operating income	72,810	34,372	17,046	11,638	5,057	140,923
Net profit/(loss) for the period	43,461	30,630	451	11,066	(54,392)	31,216
Total assets	2,240,417	3,157,421	916,133	1,080,897	(83,449)	7,311,419
Total liabilities	3,273,831	386,260	723,336	1,984,524	207,539	6,575,490

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**16. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models or other models as appropriate.

**Fair value hierarchy**

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

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

	Level 1	Level 2	Level 3	Total
	KD'000's	KD'000's	KD'000's	KD'000's
<b>30 September 2022</b>				
Financial assets at fair value through profit or loss	-	130,818	-	130,818
Investment in Sukuk	546,973	-	-	546,973
Financial assets at fair value through other comprehensive income	3,091	-	17,146	20,237
	<b>550,064</b>	<b>130,818</b>	<b>17,146</b>	<b>698,028</b>
<b>31 December 2021 (Audited)</b>				
Financial assets at fair value through profit or loss	-	102,848	-	102,848
Investment in Sukuk	529,253	-	-	529,253
Financial assets at fair value through other comprehensive income	3,253	-	16,600	19,853
	<b>532,506</b>	<b>102,848</b>	<b>16,600</b>	<b>651,954</b>
<b>30 September 2021</b>				
Financial assets at fair value through profit or loss	-	87,232	-	87,232
Investment in Sukuk	517,190	-	-	517,190
Financial assets at fair value through other comprehensive income	2,649	-	15,371	18,020
	<b>519,839</b>	<b>87,232</b>	<b>15,371</b>	<b>622,442</b>

Fair values of all financial instruments are not materially different from their carrying values.

The movement in Level 3 of financial instrument during the period are as follows:

	At 1 January	Change in fair value	Amortization	Additions/ transfers	Sale/ redemption	Exchange rate movements	At 30 September
	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's
<b>30 September 2022:</b>							
<b>Assets measured at fair value</b>							
Financial assets at fair value through other comprehensive income	16,600	-	-	1,630	(1,121)	37	17,146
	<b>16,600</b>	<b>-</b>	<b>-</b>	<b>1,630</b>	<b>(1,121)</b>	<b>37</b>	<b>17,146</b>
<b>30 September 2021:</b>							
<b>Assets measured at fair value</b>							
Financial assets at fair value through other comprehensive income	15,408	-	-	-	(22)	(15)	15,371
	<b>15,408</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22)</b>	<b>(15)</b>	<b>15,371</b>

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of profit and loss and other comprehensive income would be immaterial if the relevant risk variables used to fair value the securities classified under level 2 and level 3 were altered by 5 percent.



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**17. DERIVATIVES**

In the ordinary course of business, the Bank enters into various types of transactions that involve Sharia'a approved derivative financial instruments such as currency swaps, profit rate swaps and forward foreign exchange contracts to mitigate foreign currency and profit rate risk. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

**Currency swaps**

Currency swaps is a contractual agreement between two parties to buy a Sharia'a compliant asset at an agreed price on the relevant future date in different currencies. The fixed or floating payments as well as notional amounts are exchanged in different currencies.

**Profit rate swaps**

Profit rate swaps are contractual agreements between two counter-parties to exchange fixed and floating payments based on a notional value in a single currency.

**Forward foreign exchange contracts**

Forward foreign exchange contracts are agreements to buy or sell currencies at a specified rate and at a future date.

The notional amount, disclosed gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are neither indicative of the market risk nor credit risk.

The fair value of Islamic derivative financial instruments included in the financial records, together with their notional amounts is summarised as follows:

	<b>30 September 2022</b>			<b>31 December 2021 (Audited)</b>			<b>30 September 2021</b>		
	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional</b>
	<b>KD'000s</b>	<b>KD'000s</b>	<b>KD'000s</b>	<b>KD'000s</b>	<b>KD'000s</b>	<b>KD'000s</b>	<b>KD'000s</b>	<b>KD'000s</b>	<b>KD'000s</b>
Profit rate swaps (held as fair value hedges)	<b>26,366</b>	<b>(10,338)</b>	<b>551,017</b>	1,255	(13,583)	396,059	649	(16,747)	361,497
Cross currency swaps	<b>2,401</b>	<b>(9)</b>	<b>170,965</b>	895	(384)	607,357	211	(1,192)	531,938
Forward foreign exchange contracts	<b>486</b>	<b>(372)</b>	<b>116,614</b>	-	(10)	8,664	-	(2)	7,330
	<b>29,253</b>	<b>(10,719)</b>	<b>838,596</b>	2,150	(13,977)	1,012,080	860	(17,941)	900,765

All of the above Islamic derivative financial instruments are included in Level 2 of fair value hierarchy as at 30 September 2022, 31 December 2021 and 30 September 2021.

**18. PERPETUAL TIER 1 SUKUK**

On 1 April 2021, the Bank has issued "Tier 1 Sukuk – 2021", through a Sharia's compliant Sukuk arrangement amounting to USD 500 million which was fully allocated. Tier 1 Sukuk -2021 is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The Tier 1 Sukuk – 2021 is callable by the Bank on 1 October 2026 and bears an expected profit rate of **3.95%** per annum to be paid semi-annually in arrears. The expected profit rate will be reset on 1 April 2027 based on then prevailing 6 years US Treasury Rate plus initial margin of **2.896%** per annum. The net proceeds are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted co-mingling basis, by the Bank in its general business activities carried out through the general Mudaraba pool. Mudaraba profit will not be accumulated and the event is not considered an event of default.

## BOUBYAN BANK K.S.C.P. AND SUBSIDIARIES

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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#### 19. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly meeting of the shareholders held on 23 March 2022 approved **5%** bonus shares (2020: 5%) and a cash dividend of **5%** fils per share (2020: Nil) for the year ended 31 December 2021. The cash dividend paid amounted to **KD 15,896 thousand** and the bonus shares increased the number of issued and fully paid up shares by **158,984,880** shares (2020: 151,414,171 shares) and increase in share capital by **KD 15,898 thousand** (2020: KD 15,141 thousand). The approved bonus shares were distributed on 12 April 2022.

During the current period, after obtaining necessary approvals, the Bank increased its share capital through the rights issue of **400,000,000** shares, each with a nominal value of 100 fils and premium of 400 fils. The rights issue has been fully subscribed resulting in an increase in share capital of **KD 40,000 thousand** and share premium of **KD 160,000 thousand**.

#### 20. IMPACT OF COVID-19

The Group is gradually recovering from the effects of Covid-19 pandemic. The Group's operating environment is moderately rebound and signs of economic recovery is visible across the region and globally. High vaccination rates and strict social distancing measures significantly reduced the impact of latest variants of virus.

During the years 2020 and 2021, Central Bank of Kuwait (CBK) implemented various measures targeted at reinforcing the banking sectors ability to play a vital role in the economy. Those measures are disclosed in the Group's annual consolidated financial statements for the years ended 31 December 2021 and 31 December 2020.