

Kuwait: 17/07/2023  
Ref: 4515/2023

الكويت: 2023/07/17  
الإشارة: 2023/4515

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 June 30<sup>th</sup> 2023**

**البيانات المالية المرحلية للفترة المنتهية في 2023/06/30**

With reference to the above subject, attached is the quarterly financial statements results form for the period ended June 30<sup>th</sup> 2023 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 2023/06/30، وذلك بعد الحصول على موافقة بنك الكويت المركزي بشأنها وفقاً 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 01:00 pm on Monday, July 24<sup>th</sup> 2023. 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 01:00 من بعد ظهر يوم الاثنين الموافق 2023/07/24 حيث يمكن للمحللين المهتمين التواصل مع مصرفنا على البريد الإلكتروني: [Investor-Relations@bankboubyan.com](mailto:Investor-Relations@bankboubyan.com) لئتم تزويدهم بالرابط الخاص بالمؤتمر المذكور.

Best regards,

وتفضلوا بقبول فائق الاحترام ...

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



عادل عبد الوهاب الماجد  
نائب رئيس مجلس الإدارة  
والرئيس التنفيذي للمجموعة

بنك بوبيان - ص.ب. 25507 - الصفاة 13116 الكويت  
P.O.Box 25507 - Safat 13116 Kuwait

وحدة الشكاوي - برج مبارك  
Complaint Unit - Mubarak Tower  
complaintunit@bankboubyan.com

Tel: (965) 2232 5000  
Call Centre: (965) 1 82 00 82

bankboubyan.com

نعمل باتقان

**Financial Results Form  
Kuwaiti Company (KWD)**

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

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

Second quarter results Ended on	2023-06-30	نتائج الربع الثاني المنتهي في
---------------------------------	------------	-------------------------------

Board of Directors Meeting Date	2023-07-09	تاريخ اجتماع مجلس الإدارة
---------------------------------	------------	---------------------------

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 وإرفاق هذه المستندات

التغيير (%)	فترة الستة أشهر المقارنة	فترة الستة أشهر الحالية	البيان
Change (%)	Six Month Comparative Period	Six Month Current Period	Statement
	2022-06-30	2023-06-30	
25%	33,083,103	41,273,009	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
21%	7.96	9.65	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
10%	5,011,050,101	5,508,690,634	الموجودات المتداولة Current Assets
5%	7,635,996,839	8,024,121,032	إجمالي الموجودات Total Assets
6%	5,718,174,338	6,045,817,119	المطلوبات المتداولة Current Liabilities
5%	6,676,995,539	7,032,368,987	إجمالي المطلوبات Total Liabilities
5%	776,294,967	815,289,586	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
7%	102,260,358	109,173,717	إجمالي الإيرادات التشغيلية Total Operating Revenue
6%	52,610,689	55,525,111	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

البيان	الربع الثاني الحالي	الربع الثاني المقارن	التغيير (%)
Statement	Second quarter Current Period	Second quarter Comparative Period	Change (%)
	2023-06-30	2022-06-30	
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	20,660,579	16,128,565	28%
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	5.21	4.20	24%
إجمالي الإيرادات التشغيلية Total Operating Revenue	56,612,814	52,560,213	8%
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	27,969,898	26,577,506	5%

• 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
تعود الزيادة في صافي الربح لفترة الستة أشهر المنتهية في 30 يونيو 2023 مقارنة بفترة الستة أشهر المنتهية في 30 يونيو 2022 بشكل رئيسي إلى الزيادة في صافي إيرادات الاستثمار بمبلغ 5,547,648 دينار كويتي والزيادة في صافي إيرادات الأتعاب والعمولات بمبلغ 3,568,589 دينار كويتي بالإضافة إلى انخفاض مخصص انخفاض القيمة بمبلغ 5,374,503 دينار كويتي والذي قابله جزئياً انخفاض في صافي إيرادات التمويل بمبلغ 3,368,973 دينار كويتي وزيادة في المصروفات التشغيلية بمبلغ 4,000,438 دينار كويتي.	The increase in net profit for the Six months period ended 30 June 2023 compared to the Six months period ended 30 June 2022 is mainly due to the increase in net Investment income by KD 5,547,648 and increase in net fees and commission income by KD 3,568,589 in addition, the decrease in provision for impairment by KD 5,374,503 which was partially offset by decrease in net financing income by KD 3,368,973 and increase in operating expenses by KD 4,000,438.

بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	KWD 1,845,967	Total Revenue realized from dealing with related parties (value, KWD)
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	KWD 801,503	Total Expenditures incurred from dealing with related parties (value, KWD)

Auditor Opinion		رأي مراقب الحسابات
1.	Unqualified Opinion	رأي غير متحفظ
2.	Qualified Opinion	رأي متحفظ
3.	Disclaimer of Opinion	عدم إبداء الرأي
4.	Adverse Opinion	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	لا يوجد Nil	زيادة رأس المال Capital Increase
		Issue Premium		
لا يوجد Nil	لا يوجد Nil			تخفيض رأس المال Capital Decrease

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
 بنك بوبيان Boubyan Bank 014		نائب رئيس مجلس الإدارة والرئيس التنفيذي للمجموعة	عادل عبد الوهاب الماجد

## **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 June 2023, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of other comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flow for the six 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 preparation 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 preparation 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 six months period ended 30 June 2023 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 six months period ended 30 June 2023 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM ALSAMDAN  
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 2023 to 30 June 2023

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		<b>2023</b>	2022	<b>2023</b>	2022
		<b>KD'000's</b>	KD'000's	<b>KD'000's</b>	KD'000's
<b>Income</b>					
Murabaha and other Islamic financing income		<b>97,053</b>	66,879	<b>188,086</b>	126,405
Finance cost and distribution to depositors		<b>(54,146)</b>	(22,634)	<b>(105,417)</b>	(40,367)
<b>Net financing income</b>		<b>42,907</b>	44,245	<b>82,669</b>	86,038
Net investment income / (loss)	3	<b>4,194</b>	(176)	<b>7,614</b>	2,066
Net fees and commission income		<b>7,568</b>	7,265	<b>15,399</b>	11,830
Net foreign exchange gain		<b>1,819</b>	1,226	<b>2,869</b>	2,326
Other income		<b>125</b>	-	<b>623</b>	-
<b>Operating income</b>		<b>56,613</b>	52,560	<b>109,174</b>	102,260
Staff costs		<b>(17,066)</b>	(15,919)	<b>(31,241)</b>	(30,000)
General and administrative expenses		<b>(8,057)</b>	(6,935)	<b>(15,319)</b>	(13,465)
Depreciation		<b>(3,520)</b>	(3,128)	<b>(7,089)</b>	(6,184)
<b>Operating expenses</b>		<b>(28,643)</b>	(25,982)	<b>(53,649)</b>	(49,649)
<b>Operating profit before provision for impairment</b>		<b>27,970</b>	26,578	<b>55,525</b>	52,611
Provision for impairment	4	<b>(5,833)</b>	(11,593)	<b>(16,207)</b>	(21,582)
<b>Operating profit before deductions</b>		<b>22,137</b>	14,985	<b>39,318</b>	31,029
Taxation (charged) / reversal	5	<b>(1,089)</b>	(1,014)	<b>1,172</b>	(36)
<b>Net profit for the period</b>		<b>21,048</b>	13,971	<b>40,490</b>	30,993
<b>Attributable to:</b>					
Equity holders of the Bank		<b>20,661</b>	16,129	<b>41,273</b>	33,083
Non-controlling interests		<b>387</b>	(2,158)	<b>(783)</b>	(2,090)
<b>Net profit for the period</b>		<b>21,048</b>	13,971	<b>40,490</b>	30,993
<b>Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)</b>	6	<b>5.21</b>	4.20	<b>9.65</b>	7.96

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 2023 to 30 June 2023

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
<b>Net profit for the period</b>	<b>21,048</b>	13,971	<b>40,490</b>	30,993
<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>4,104</b>	(2,039)	<b>391</b>	(1,367)
Foreign currency translation adjustments	<b>950</b>	(796)	<b>1,258</b>	(1,389)
<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>(2)</b>	(103)	<b>(3)</b>	(338)
<b>Other comprehensive income / (loss) for the period</b>	<b>5,052</b>	(2,938)	<b>1,646</b>	(3,094)
<b>Total comprehensive income for the period</b>	<b>26,100</b>	11,033	<b>42,136</b>	27,899
<b>Attributable to:</b>				
Equity holders of the Bank	<b>25,038</b>	14,307	<b>42,112</b>	31,782
Non-controlling interests	<b>1,062</b>	(3,274)	<b>24</b>	(3,883)
<b>Total comprehensive income for the period</b>	<b>26,100</b>	11,033	<b>42,136</b>	27,899

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 June 2023

			(Audited)	
	Notes	30 June 2023	31 December 2022	30 June 2022
		KD'000's	KD'000's	KD'000's
<b>Assets</b>				
Cash and balances with banks	7	264,297	533,183	282,748
Deposits with Central Bank of Kuwait		405,113	247,802	328,921
Deposits with other banks		60,156	131,685	325,662
Islamic financing to customers	8	6,093,961	5,913,518	5,749,210
Investment in Sukuk	9	709,297	609,565	541,463
Other investment securities	9	162,102	155,156	156,301
Investment properties		65,227	33,618	32,792
Other assets		125,434	127,596	102,720
Property and equipment		138,534	128,634	116,180
<b>Total assets</b>		<b>8,024,121</b>	<b>7,880,757</b>	<b>7,635,997</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks		191,599	198,678	312,714
Depositors' accounts		6,153,030	5,961,728	5,645,809
Medium term financing	10	560,714	637,629	640,664
Other liabilities		127,026	103,023	77,809
<b>Total liabilities</b>		<b>7,032,369</b>	<b>6,901,058</b>	<b>6,676,996</b>
<b>Equity</b>				
Share capital		396,300	373,868	373,868
Share premium		316,942	316,942	316,942
Proposed bonus shares	19	-	22,432	-
Treasury shares	12	(54)	(54)	(54)
Statutory reserve		46,761	46,761	40,651
Voluntary reserve		15,327	15,327	15,327
Other reserves	13	(2,949)	(3,788)	(4,494)
Retained earnings		42,963	4,717	34,055
Proposed cash dividends	19	-	22,429	-
<b>Equity attributable to equity holders of the Bank</b>		<b>815,290</b>	<b>798,634</b>	<b>776,295</b>
Perpetual Tier 1 Sukuk	18	150,385	150,385	150,385
Non-controlling interests		26,077	30,680	32,321
<b>Total equity</b>		<b>991,752</b>	<b>979,699</b>	<b>959,001</b>
<b>Total liabilities and equity</b>		<b>8,024,121</b>	<b>7,880,757</b>	<b>7,635,997</b>



 Abdulaziz Abdullah Dakheel Al-Shaya  
Chairman



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

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

Ref. : ..... /105/2  
الإشارة :

Date : ..... التاريخ :

..... ١٢ يوليو ٢٠٢٢ الموافق :

السيد نائب رئيس مجلس الإدارة والرئيس التنفيذي للمجموعة  
بنك بوبيان

تحية طيبة وبعد،

بالإشارة إلى كتابكم المؤرخ 2023/7/6 المرفق به البيانات المالية المرحلية المجمعة  
لمصرفكم عن الفترة المنتهية في 2023/6/30، والتي تم إعدادها لأغراض النشر وفقاً لمتطلبات  
بورصة الكويت، وعطفاً على الإيضاحات والبيانات التفصيلية الواردة إلينا في هذا الشأن والتي كان  
آخرها بتاريخ 2023/7/13.

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.

مع أطيب التمنيات،،،



عبد الحميد داود العوض

- نسخة إلى بورصة الكويت.

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION**

**30 JUNE 2023 (UNAUDITED)**

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

---

For the period from 1 January 2023 to 30 June 2023

<b>INDEX</b>	<b>Page</b>
Independent auditors' report on review of interim condensed consolidated financial information	1
Interim condensed consolidated statement of profit or loss (unaudited)	2
Interim condensed consolidated statement of other comprehensive income (unaudited)	3
Interim condensed consolidated statement of financial position (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to the interim condensed consolidated financial information (unaudited)	7-17

## **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 June 2023, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of other comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flow for the six 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 preparation 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 preparation 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 six months period ended 30 June 2023 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 six months period ended 30 June 2023 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM ALSAMDAN  
LICENCE NO. 208 A  
EY  
AL AIBAN, AL OSAIME & PARTNERS



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

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

For the period from 1 January 2023 to 30 June 2023

	<i>Notes</i>	Three months ended 30 June		Six months ended 30 June	
		<b>2023</b>	2022	<b>2023</b>	2022
		<b>KD'000's</b>	KD'000's	<b>KD'000's</b>	KD'000's
<b>Income</b>					
Murabaha and other Islamic financing income		<b>97,053</b>	66,879	<b>188,086</b>	126,405
Finance cost and distribution to depositors		<b>(54,146)</b>	(22,634)	<b>(105,417)</b>	(40,367)
<b>Net financing income</b>		<b>42,907</b>	44,245	<b>82,669</b>	86,038
Net investment income / (loss)	3	<b>4,194</b>	(176)	<b>7,614</b>	2,066
Net fees and commission income		<b>7,568</b>	7,265	<b>15,399</b>	11,830
Net foreign exchange gain		<b>1,819</b>	1,226	<b>2,869</b>	2,326
Other income		<b>125</b>	-	<b>623</b>	-
<b>Operating income</b>		<b>56,613</b>	52,560	<b>109,174</b>	102,260
Staff costs		<b>(17,066)</b>	(15,919)	<b>(31,241)</b>	(30,000)
General and administrative expenses		<b>(8,057)</b>	(6,935)	<b>(15,319)</b>	(13,465)
Depreciation		<b>(3,520)</b>	(3,128)	<b>(7,089)</b>	(6,184)
<b>Operating expenses</b>		<b>(28,643)</b>	(25,982)	<b>(53,649)</b>	(49,649)
<b>Operating profit before provision for impairment</b>		<b>27,970</b>	26,578	<b>55,525</b>	52,611
Provision for impairment	4	<b>(5,833)</b>	(11,593)	<b>(16,207)</b>	(21,582)
<b>Operating profit before deductions</b>		<b>22,137</b>	14,985	<b>39,318</b>	31,029
Taxation (charged) / reversal	5	<b>(1,089)</b>	(1,014)	<b>1,172</b>	(36)
<b>Net profit for the period</b>		<b>21,048</b>	13,971	<b>40,490</b>	30,993
<b>Attributable to:</b>					
Equity holders of the Bank		<b>20,661</b>	16,129	<b>41,273</b>	33,083
Non-controlling interests		<b>387</b>	(2,158)	<b>(783)</b>	(2,090)
<b>Net profit for the period</b>		<b>21,048</b>	13,971	<b>40,490</b>	30,993
<b>Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)</b>	6	<b>5.21</b>	4.20	<b>9.65</b>	7.96

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 2023 to 30 June 2023

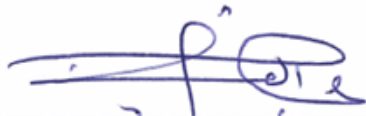
	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
<b>Net profit for the period</b>	<b>21,048</b>	13,971	<b>40,490</b>	30,993
<b>Other comprehensive income / (loss):</b>				
<b>Items that are or may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:</b>				
Change in fair value of debt investments at fair value through other comprehensive income	<b>4,104</b>	(2,039)	<b>391</b>	(1,367)
Foreign currency translation adjustments	<b>950</b>	(796)	<b>1,258</b>	(1,389)
<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>(2)</b>	(103)	<b>(3)</b>	(338)
<b>Other comprehensive income / (loss) for the period</b>	<b>5,052</b>	(2,938)	<b>1,646</b>	(3,094)
<b>Total comprehensive income for the period</b>	<b>26,100</b>	11,033	<b>42,136</b>	27,899
<b>Attributable to:</b>				
Equity holders of the Bank	<b>25,038</b>	14,307	<b>42,112</b>	31,782
Non-controlling interests	<b>1,062</b>	(3,274)	<b>24</b>	(3,883)
<b>Total comprehensive income for the period</b>	<b>26,100</b>	11,033	<b>42,136</b>	27,899

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 June 2023

			(Audited)	
	Notes	30 June 2023	31 December 2022	30 June 2022
		KD'000's	KD'000's	KD'000's
<b>Assets</b>				
Cash and balances with banks	7	264,297	533,183	282,748
Deposits with Central Bank of Kuwait		405,113	247,802	328,921
Deposits with other banks		60,156	131,685	325,662
Islamic financing to customers	8	6,093,961	5,913,518	5,749,210
Investment in Sukuk	9	709,297	609,565	541,463
Other investment securities	9	162,102	155,156	156,301
Investment properties		65,227	33,618	32,792
Other assets		125,434	127,596	102,720
Property and equipment		138,534	128,634	116,180
<b>Total assets</b>		<b>8,024,121</b>	<b>7,880,757</b>	<b>7,635,997</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Due to banks		191,599	198,678	312,714
Depositors' accounts		6,153,030	5,961,728	5,645,809
Medium term financing	10	560,714	637,629	640,664
Other liabilities		127,026	103,023	77,809
<b>Total liabilities</b>		<b>7,032,369</b>	<b>6,901,058</b>	<b>6,676,996</b>
<b>Equity</b>				
Share capital		396,300	373,868	373,868
Share premium		316,942	316,942	316,942
Proposed bonus shares	19	-	22,432	-
Treasury shares	12	(54)	(54)	(54)
Statutory reserve		46,761	46,761	40,651
Voluntary reserve		15,327	15,327	15,327
Other reserves	13	(2,949)	(3,788)	(4,494)
Retained earnings		42,963	4,717	34,055
Proposed cash dividends	19	-	22,429	-
<b>Equity attributable to equity holders of the Bank</b>		<b>815,290</b>	<b>798,634</b>	<b>776,295</b>
Perpetual Tier 1 Sukuk	18	150,385	150,385	150,385
Non-controlling interests		26,077	30,680	32,321
<b>Total equity</b>		<b>991,752</b>	<b>979,699</b>	<b>959,001</b>
<b>Total liabilities and equity</b>		<b>8,024,121</b>	<b>7,880,757</b>	<b>7,635,997</b>



 Abdulaziz Abdullah Dakheel Al-Shaya  
Chairman



 Adel Abdul Wahab Al Majed  
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 2023 to 30 June 2023

	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 2023</b>	373,868	316,942	22,432	(54)	46,761	15,327	(3,788)	4,717	22,429	798,634	150,385	30,680	979,699
Profit/(loss) for the period	-	-	-	-	-	-	-	41,273	-	41,273	-	(783)	40,490
Other comprehensive income	-	-	-	-	-	-	839	-	-	839	-	807	1,646
Total comprehensive income for the period	-	-	-	-	-	-	839	41,273	-	42,112	-	24	42,136
Dividends paid (note 19)	-	-	-	-	-	-	-	-	(22,429)	(22,429)	-	-	(22,429)
Issue of bonus shares (note 19)	22,432	-	(22,432)	-	-	-	-	-	-	-	-	-	-
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(3,027)	-	(3,027)	-	-	(3,027)
Other movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,627)	(4,627)
<b>Balance at 30 June 2023</b>	<b>396,300</b>	<b>316,942</b>	<b>-</b>	<b>(54)</b>	<b>46,761</b>	<b>15,327</b>	<b>(2,949)</b>	<b>42,963</b>	<b>-</b>	<b>815,290</b>	<b>150,385</b>	<b>26,077</b>	<b>991,752</b>
Balance at 1 January 2022	317,970	156,942	15,898	(54)	40,651	15,327	(3,193)	4,100	15,896	563,537	150,385	36,150	750,072
Profit/(loss) for the period	-	-	-	-	-	-	-	33,083	-	33,083	-	(2,090)	30,993
Other comprehensive loss	-	-	-	-	-	-	(1,301)	-	-	(1,301)	-	(1,793)	(3,094)
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	(1,301)	33,083	-	31,782	-	(3,883)	27,899
Dividends paid (note 19)	-	-	-	-	-	-	-	-	(15,896)	(15,896)	-	-	(15,896)
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(3,001)	-	(3,001)	-	-	(3,001)
Issue of bonus shares (note 19)	15,898	-	(15,898)	-	-	-	-	-	-	-	-	-	-
Right shares issued	40,000	160,000	-	-	-	-	-	-	-	200,000	-	-	200,000
Cost directly related to increase in share capital	-	-	-	-	-	-	-	(127)	-	(127)	-	-	(127)
Other movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	54	54
<b>Balance at 30 June 2022</b>	<b>373,868</b>	<b>316,942</b>	<b>-</b>	<b>(54)</b>	<b>40,651</b>	<b>15,327</b>	<b>(4,494)</b>	<b>34,055</b>	<b>-</b>	<b>776,295</b>	<b>150,385</b>	<b>32,321</b>	<b>959,001</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 CASH FLOWS (UNAUDITED)**

For the period from 1 January 2023 to 30 June 2023

	Notes	Six months ended 30 June	
		2023	2022
		KD'000's	KD'000's
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		40,490	30,993
<b>Adjustments for:</b>			
Provision for impairment	4	16,207	21,582
Depreciation		7,089	6,184
Dividend income	3	(3,039)	(1,433)
Net (gain) / loss from financial assets at fair value through profit or loss	3	(1,961)	938
Net loss / (gain) from debt investments	3	170	(43)
Realized gain on sale of investment properties	3	-	(1,020)
Unrealized gain from change in fair value of investment properties	3	(978)	-
Share of results of associates	3	(206)	37
<b>Operating profit before changes in operating assets and liabilities</b>		57,772	57,238
<b>Changes in operating assets and liabilities:</b>			
Deposits with Central Bank of Kuwait		(7,107)	(3,063)
Deposits with other banks		55,724	61,651
Islamic financing to customers		(232,883)	(253,243)
Other assets		(291)	(17,538)
Due to banks		(4,965)	(82,436)
Depositors' accounts		229,819	27,022
Other liabilities		38,948	(2,599)
<b>Net cash generated from/ (used in) operating activities</b>		137,017	(212,968)
<b>INVESTING ACTIVITIES</b>			
Purchase of investment securities		(287,781)	(222,946)
Proceeds from sale/redemption of investment securities		181,623	159,562
Purchase of investment properties		(30,552)	(26,254)
Proceeds from sale of investment properties		689	13,560
Purchase of property and equipment		(16,990)	(14,161)
Dividend income received	3	3,039	1,433
<b>Net cash used in investing activities</b>		(149,972)	(88,806)
<b>FINANCING ACTIVITIES</b>			
Proceeds from increase in share capital		-	200,000
Cost directly related to increase in share capital		-	(127)
Profit distribution on perpetual Tier 1 Sukuk		(3,027)	(3,001)
Net movement of non-controlling interest		(4,627)	54
Dividends paid		(22,429)	(15,896)
Medium term financing – Paid		(107,109)	-
Issuance of medium term financing		-	152,225
Proceeds from other medium term financing		30,620	-
Net movement in medium term financing		(12,177)	(1,284)
<b>Net cash (used in) / generated from financing activities</b>		(118,749)	331,971
Net change in cash and cash equivalents		(131,704)	30,197
Net foreign exchange difference		741	1,653
Cash and cash equivalents at beginning of the period		729,426	766,008
<b>Cash and cash equivalents at end of the period</b>	7	598,463	797,858

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 2023 to 30 June 2023

#### **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's Memorandum of Incorporation and Articles of Association were amended by adding a new activity, namely, offering securities or selling the same for their issuer, its affiliate or obtaining securities from the issuer or its affiliate for remarketing (issuance management). In addition to the activity of purchase and sale of land plots and all types of real estate properties for their financing purposes as per the provisions of Law no. 32 of 1968 Concerning Currency, the Central Bank of Kuwait, and Organization of the Banking Business.

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 six months period ended 30 June 2023 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 9 July 2023.

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

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

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting, except as noted below:

The annual consolidated financial statements for the year ended 31 December 2022 were 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 (IFRS) as issued by the International Accounting Standards Board (IASB) with the following amendment:

- Expected credit loss ("ECL") to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 – Financial Instruments ("IFRS 9") in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

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 2022. Further, results for the six months period ended 30 June 2023, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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 2022. Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2023 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 2023 to 30 June 2023

### 3. NET INVESTMENT INCOME

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Dividend income	1,862	873	3,039	1,433
Net gain /(loss) from financial assets at fair value through profit or loss	1,120	(1,496)	1,961	(938)
Net gain/(loss) from debt investments	51	30	(170)	43
Net income from investment properties	1,076	490	2,578	1,565
Share of results of associates	85	(73)	206	(37)
	<b>4,194</b>	<b>(176)</b>	<b>7,614</b>	<b>2,066</b>

### 4. PROVISION FOR IMPAIRMENT

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Provision charge for Islamic financing to customers	5,548	7,388	16,606	17,118
ECL – Other financial assets	285	4,205	(399)	4,464
	<b>5,833</b>	<b>11,593</b>	<b>16,207</b>	<b>21,582</b>

### 5. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	195	232	388	391
National Labour Support Tax (“NLST”)	564	431	1,102	885
Zakat (Based on Zakat law no: 46/2006)	226	172	442	354
Overseas tax	104	179	(3,104)	(1,594)
	<b>1,089</b>	<b>1,014</b>	<b>(1,172)</b>	<b>36</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 June		Six months ended 30 June	
	2023	2022	2023	2022
Net profit for the period attributable to the equity holders of the Bank (KD'000)	20,661	16,129	41,273	33,083
Less: profit payment on Perpetual Tier 1 Sukuk (KD'000)	-	-	(3,027)	(3,001)
	<b>20,661</b>	<b>16,129</b>	<b>38,246</b>	<b>30,082</b>
Weighted average number of shares outstanding during the period net of treasury shares (thousands of shares)	3,962,469	3,841,039	3,962,500	3,779,534
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	<b>5.21</b>	<b>4.20</b>	<b>9.65</b>	<b>7.96</b>

Earnings per share for the prior period were 4.46 and 8.46 fils before retroactive adjustment to the number of shares following the bonus shares issuance (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 2023 to 30 June 2023

**7. CASH AND CASH EQUIVALENTS**

	<b>30 June 2023</b>	(Audited) 31 December 2022	30 June 2022
	<b>KD'000's</b>	KD'000's	KD'000's
Cash and balances with banks	<b>264,297</b>	533,183	282,748
Placements with banks maturing within seven days	<b>334,166</b>	196,243	515,110
	<b>598,463</b>	729,426	797,858

**8. ISLAMIC FINANCING TO CUSTOMERS**

	<b>30 June 2023</b>	(Audited) 31 December 2022	30 June 2022
	<b>KD'000's</b>	KD'000's	KD'000's
Islamic financing to customers	<b>6,298,932</b>	6,109,384	5,933,847
Provision for impairment	<b>(204,971)</b>	(195,866)	(184,637)
	<b>6,093,961</b>	5,913,518	5,749,210

The available provision for impairment on non-cash facilities of **KD 3,637** thousands (31 December 2022: KD 3,894 thousands, 30 June 2022: KD 2,861 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 June 2023</b>				
Islamic financing to customers	<b>6,003,488</b>	<b>226,677</b>	<b>68,767</b>	<b>6,298,932</b>
Contingent liabilities (Note 14)	<b>347,277</b>	<b>74,260</b>	<b>2,737</b>	<b>424,274</b>
Commitments (revocable and irrevocable) to extend credit	<b>1,200,402</b>	<b>73,564</b>	<b>244</b>	<b>1,274,210</b>
<b>31 December 2022 (Audited)</b>				
Islamic financing to customers	5,802,966	243,065	63,353	6,109,384
Contingent liabilities (Note 14)	327,595	76,780	2,964	407,339
Commitments (revocable and irrevocable) to extend credit	1,065,810	56,583	6	1,122,399
<b>30 June 2022</b>				
Islamic financing to customers	5,614,523	259,331	59,993	5,933,847
Contingent liabilities (Note 14)	329,434	76,298	2,051	407,783
Commitments (revocable and irrevocable) to extend credit	758,188	38,822	197	797,207

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

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

For the period from 1 January 2023 to 30 June 2023

### 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
<b>30 June 2023</b>				
ECL allowance as at 1 January 2023	24,516	16,027	34,768	75,311
Impact due to transfer between stages				
Transfer from Stage 1	(899)	225	674	-
Transfer from Stage 2	1,245	(2,151)	906	-
Transfer from Stage 3	1,956	178	(2,134)	-
(Release)/additional ECL for the period	(2,986)	2,447	10,436	9,897
Amounts written off and recoveries	-	-	(10,184)	(10,184)
Foreign currency translation	60	186	296	542
<b>At 30 June 2023</b>	<b>23,892</b>	<b>16,912</b>	<b>34,762</b>	<b>75,566</b>
<b>30 June 2022</b>				
ECL allowance as at 1 January 2022	22,417	14,628	26,445	63,490
Impact due to transfer between stages				
Transfer from Stage 1	(1,691)	455	1,236	-
Transfer from Stage 2	872	(2,790)	1,918	-
Transfer from Stage 3	578	-	(578)	-
(Release)/additional ECL for the period	(1,756)	1,472	3,023	2,739
Amounts written off and recoveries	-	-	3,266	3,266
Foreign currency translation	(78)	(64)	(1,065)	(1,207)
<b>At 30 June 2022</b>	<b>20,342</b>	<b>13,701</b>	<b>34,245</b>	<b>68,288</b>

### 9. INVESTMENT SECURITIES

	(Audited)		
	30 June	31 December	30 June
	2023	2022	2022
	KD'000's	KD'000's	KD'000's
Investment in Sukuk	709,297	609,565	541,463
Financial assets at fair value through profit or loss	137,426	134,373	133,198
Financial assets at fair value through other comprehensive income	21,941	18,249	20,041
Investment in associates	2,735	2,534	3,062
	<b>871,399</b>	<b>764,721</b>	<b>697,764</b>
	(Audited)		
	30 June	31 December	30 June
	2023	2022	2022
	KD'000's	KD'000's	KD'000's
<b>Investment in Sukuk</b>			
Investment in Sukuk- FVOCI	691,525	591,893	523,416
Investment in Sukuk- FVTPL	17,772	17,672	18,047
	<b>709,297</b>	<b>609,565</b>	<b>541,463</b>
<b>Financial assets at fair value through profit or loss</b>			
Investment in unquoted funds	137,426	134,373	133,198
	<b>137,426</b>	<b>134,373</b>	<b>133,198</b>
<b>Financial assets at fair value through other comprehensive income</b>			
Investment in unquoted equity securities	13,227	15,310	17,133
Investment in quoted equity securities	8,714	2,939	2,908
	<b>21,941</b>	<b>18,249</b>	<b>20,041</b>

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

For the period from 1 January 2023 to 30 June 2023

**10. MEDIUM TERM FINANCING**

	<b>30 June 2023</b>	(Audited) 31 December 2022	30 June 2022
	<b>KD'000's</b>	KD'000's	KD'000's
Global Medium Term Sukuk ("GMTN programme")*	<b>376,268</b>	376,843	380,386
Other medium term financing**	<b>184,446</b>	260,786	260,278
	<b>560,714</b>	637,629	640,664

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

During previous year, 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 5.9% to 6.4% (31 December 2022: 5.3% to 6.2%, 30 June 2022: 2.9% to 3.2%).

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

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

For the period from 1 January 2023 to 30 June 2023

#### 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 June 2023	31 December 2022	30 June 2022	30 June 2023	31 December 2022	30 June 2022	30 June 2023	31 December 2022	30 June 2022
							KD'000's	KD'000's	KD'000's
Islamic financing to customers	12	9	10	4	1	1	58,107	46,828	458
Depositors' accounts	31	24	24	42	20	22	15,501	18,311	14,031
Letters of guarantee and letters of credit	-	-	-	1	1	1	13	13	13
Murabaha and other Islamic financing income							1,377	1,566	7
Finance cost and distribution to depositors							(244)	(3)	(3)
<b>Parent Company</b>									
Due from banks							7,312	25,810	142,901
Due to banks							101,057	20,442	103,091
Depositors accounts							354	300	484
Murabaha and other Islamic financing income							469	2,277	819
Finance cost and distribution to depositors							(558)	(1,002)	(430)

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

For the period from 1 January 2023 to 30 June 2023

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

Details of compensation to key management comprise the following:

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Short-term benefits	932	871	1,830	1,637
Post-employment benefits	93	221	164	318
Deferred compensation	264	232	528	453
	<b>1,289</b>	<b>1,324</b>	<b>2,522</b>	<b>2,408</b>

**12. TREASURY SHARES**

The Bank held the following treasury shares:

	30 June 2023	(Audited) 31 December 2022	30 June 2022
Number of treasury shares	534,607	475,652	475,652
Treasury shares as a percentage of total issued shares - %	0.01349%	0.01272%	0.01272%
Cost of treasury shares – KD thousand	54	54	54
Market value of treasury shares – KD thousand	344	380	368
Weighted average of market value per share – KD	0.681	0.835	0.856

**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 2023</b>	<b>10,613</b>	<b>(13,192)</b>	<b>(1,209)</b>	<b>(3,788)</b>
Other comprehensive income for the period	387	452	-	839
<b>Total comprehensive income for the period</b>	<b>387</b>	<b>452</b>	<b>-</b>	<b>839</b>
<b>Balance at 30 June 2023</b>	<b>11,000</b>	<b>(12,740)</b>	<b>(1,209)</b>	<b>(2,949)</b>
Balance at 1 January 2022	11,891	(11,508)	(3,576)	(3,193)
Other comprehensive (loss) / income for the period	(1,705)	404	-	(1,301)
<b>Total comprehensive (loss) / income for the period</b>	<b>(1,705)</b>	<b>404</b>	<b>-</b>	<b>(1,301)</b>
<b>Balance at 30 June 2022</b>	<b>10,186</b>	<b>(11,104)</b>	<b>(3,576)</b>	<b>(4,494)</b>

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

For the period from 1 January 2023 to 30 June 2023

**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 June 2023	(Audited) 31 December 2022	30 June 2022
	KD'000's	KD'000's	KD'000's
Guarantees	309,844	315,593	294,570
Acceptances and letters of credit	114,430	91,746	113,213
Other commitments	186,091	135,823	87,039
	<b>610,365</b>	<b>543,162</b>	<b>494,822</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>Six months ended 30 June 2023</b>						
Net financing income	50,448	20,225	4,259	7,245	492	82,669
Operating income/(loss)	59,512	24,868	16,487	10,130	(1,823)	109,174
Net profit/(loss) for the period	36,911	22,025	1,519	9,724	(29,689)	40,490
Total assets	2,519,468	3,268,269	762,398	1,321,768	152,218	8,024,121
Total liabilities	4,073,119	424,493	667,610	1,392,058	475,089	7,032,369
<b>Six months ended 30 June 2022</b>						
Net financing income	50,157	18,214	5,086	11,520	1,061	86,038
Operating income/(loss)	56,120	22,556	14,638	13,840	(4,894)	102,260
Net profit/(loss) for the period	33,919	21,735	(2,932)	13,196	(34,925)	30,993
Total assets	2,510,618	2,898,295	743,278	1,399,036	84,770	7,635,997
Total liabilities	3,480,638	432,900	713,831	1,593,654	455,973	6,676,996

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

For the period from 1 January 2023 to 30 June 2023

**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 June 2023</b>				
Financial assets at fair value through profit or loss	-	137,426	-	137,426
Investment in Sukuk	709,297	-	-	709,297
Financial assets at fair value through other comprehensive income	8,714	-	13,227	21,941
	<b>718,011</b>	<b>137,426</b>	<b>13,227</b>	<b>868,664</b>
<b>31 December 2022 (Audited)</b>				
Financial assets at fair value through profit or loss	-	134,373	-	134,373
Investment in Sukuk	609,565	-	-	609,565
Financial assets at fair value through other comprehensive income	2,939	-	15,310	18,249
	<b>612,504</b>	<b>134,373</b>	<b>15,310</b>	<b>762,187</b>
<b>30 June 2022</b>				
Financial assets at fair value through profit or loss	-	133,198	-	133,198
Investment in Sukuk	541,463	-	-	541,463
Financial assets at fair value through other comprehensive income	2,908	-	17,133	20,041
	<b>544,371</b>	<b>133,198</b>	<b>17,133</b>	<b>694,702</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	Transfers	Sale/ redemption	Exchange rate movements	At 30 June
	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's
<b>30 June 2023:</b>							
<b>Assets measured at fair value</b>							
Financial assets at fair value through other comprehensive income	15,310	-	-	(1,794)	(294)	5	13,227
	<b>15,310</b>	<b>-</b>	<b>-</b>	<b>(1,794)</b>	<b>(294)</b>	<b>5</b>	<b>13,227</b>
<b>30 June 2022:</b>							
<b>Assets measured at fair value</b>							
Financial assets at fair value through other comprehensive income	16,600	-	-	1,542	(1,015)	6	17,133
	<b>16,600</b>	<b>-</b>	<b>-</b>	<b>1,542</b>	<b>(1,015)</b>	<b>6</b>	<b>17,133</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.

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

For the period from 1 January 2023 to 30 June 2023

**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:

	30 June 2023			31 December 2022 (Audited)			30 June 2022		
	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value	Notional	Positive fair value	Negative fair value	Notional
	KD'000s	KD'000s	KD'000s	KD'000s	KD'000s	KD'000s	KD'000s	KD'000s	KD'000s
Profit rate swaps (held as fair value hedges)	25,545	(10,852)	664,118	23,776	(9,773)	558,354	16,391	(6,517)	550,189
Cross currency swaps	5	(179)	184,200	340	(558)	245,385	1,990	(88)	302,108
Forward foreign exchange contracts	17	(8)	14,251	204	(480)	134,730	378	-	47,874
	<b>25,567</b>	<b>(11,039)</b>	<b>862,569</b>	<b>24,320</b>	<b>(10,811)</b>	<b>938,469</b>	<b>18,759</b>	<b>(6,605)</b>	<b>900,171</b>

All of the above Islamic derivative financial instruments are included in Level 2 of fair value hierarchy as at 30 June 2023, 31 December 2022 and 30 June 2022.

**18. PERPETUAL TIER 1 SUKUK**

During the previous years on 1 April 2021, the Bank has issued "Tier 1 Sukuk – 2021", through a Sharia'a 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)**

---

For the period from 1 January 2023 to 30 June 2023

#### **19. ANNUAL GENERAL ASSEMBLY MEETING**

The Annual General Assembly meeting of the shareholders held on 22 March 2023 approved **6%** bonus shares (2021: 5%) and a cash dividend of **6 fils** per share (2021: 5 fils per share) for the year ended 31 December 2022. The cash dividend paid amounted to **KD 22,429 thousand** (2021: KD 15,896 thousand) and the bonus shares increased the number of issued and fully paid up shares by **224,320,949** shares (2021: 158,984,880 shares) and increase in share capital by **KD 22,432 thousand** (2021: KD 15,898 thousand). The approved bonus shares and cash dividends were distributed on 19 April 2023.

#### **20. CHANGES IN REFERENCE RATES (IBOR)**

##### **Financial assets and liabilities**

The Group's exposure to IBOR linked financial assets and liabilities is mainly through USD LIBOR. As at 30 June 2023, the Group has transitioned majority of its contracts to "Risk-Free Rates" (RFRs). For the remaining contracts, discussions are currently in progress with the counterparties/customers and expected to be finalized prior to the next repricing period.

##### **Derivatives held for hedging purposes**

The profit rate and cross-currency swaps held for hedging purpose have exposure to various benchmarks, predominantly on USD LIBOR. These swaps are governed by industry- standard International Swaps and Derivatives Association (ISDA) Master Agreements that incorporate by reference the 2006 ISDA definitions the IBOR Fallbacks Supplement, a supplement to the 2006 ISDA definitions, and the IBOR Fallbacks Protocol. IBOR Fallbacks Protocol enable adhering parties to amend legacy derivative transactions to include the updated rates and fallbacks.

The Group has completed the transition of all USD and non-USD linked derivatives as per ISDA Fallbacks Protocol.