

Kuwait: 16/10/2023

Ref: 4812/2023

الكويت: 2023/10/16

الإشارة: 2023/4812

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 30th 2023

البيانات المالية المرحلية للفترة المنتهية في 2023/09/30

With reference to the above subject, attached is the quarterly financial statements results form for the period ended September 30th 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 2023/09/30، 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 01:00 pm on Monday , October 23rd 2023. Interested analysts may send an email to: 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 2023/10/23 حيث يمكن للمحللين المهتمين التواصل مع مصرفنا على البريد الإلكتروني: Investor-Relations@bankboubyan.com ليتم 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

Classification: Highly Restricted

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)

Third quarter results Ended on	2023-09-30	نتائج الربع الثالث المنتهي في
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Board of Directors Meeting Date	2023-10-09	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 وإرفاق هذه المستندات

التغيير (%)	فترة التسعة أشهر المقارنة	فترة التسعة أشهر الحالية	البيان
Change (%)	Nine Month Comparat Period	Nine Month Current Period	Statement
	2022-09-30	2023-09-30	
26%	48,587,607	61,100,436	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
25%	11.07	13.89	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
5%	4,940,672,000	5,182,955,770	الموجودات المتداولة Current Assets
6%	7,756,514,191	8,200,980,774	إجمالي الموجودات Total Assets
7%	5,838,241,045	6,244,660,193	المطلوبات المتداولة Current Liabilities
6%	6,784,277,358	7,191,171,913	إجمالي المطلوبات Total Liabilities
6%	792,609,578	836,400,496	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
7%	153,080,170	163,207,393	إجمالي الإيرادات التشغيلية Total Operating Revenue
5%	79,085,579	82,701,229	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

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البيان	الربع الثالث الحالي	الربع الثالث المقارن	التغيير (%)
Statement	Third quarter Current Period	Third quarter Comparative Period	Change (%)
	2023-09-30	2022-09-30	
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	19,827,427	15,505,503	28%
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	4.23	3.14	35%
إجمالي الإيرادات التشغيلية Total Operating Revenue	54,033,176	50,819,812	6%
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	27,176,118	26,474,590	3%

• 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 التسعة أشهر المنتهية في 30 سبتمبر 2023 مقارنة بفترة التسعة أشهر المنتهية في 30 سبتمبر 2022 بشكل رئيسي إلى الزيادة في صافي إيرادات الاستثمار بمبلغ 7,731,899 دينار كويتي والزيادة في صافي إيرادات الأتعاب والعمولات بمبلغ 1,714,673 دينار كويتي بالإضافة إلى انخفاض مخصص انخفاض القيمة بمبلغ 5,683,707 دينار كويتي والذي قابله جزئياً انخفاض في صافي إيرادات التمويل بمبلغ 409,531 دينار كويتي وزيادة في المصروفات التشغيلية بمبلغ 6,511,574 دينار كويتي.	The increase in net profit for the Nine months period ended 30 September 2023 compared to the Nine months period ended 30 September 2022 is mainly due to the increase in net Investment income by KD 7,731,899 and increase in net fees and commission income by KD 1,714,673 in addition, the decrease in provision for impairment by KD 5,683,707 which was partially offset by decrease in net financing income by KD 409,531 and increase in operating expenses by KD 6,511,574.

بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	KWD 2,598,435	Total Revenue realized from dealing with related parties (value, KWD)
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	KWD 2,134,422	Total Expenditures incurred from dealing with related parties (value, KWD)

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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

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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	زيادة رأس المال Capital Increase	
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

Classification: Highly Restricted

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 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 nine 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 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 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 nine months period ended 30 September 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 nine months period ended 30 September 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 September 2023

		Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
	Notes	KD'000's	KD'000's	KD'000's	KD'000's
Income					
Murabaha and other Islamic financing income		102,988	73,770	291,074	200,175
Finance cost and distribution to depositors		(58,428)	(32,169)	(163,845)	(72,536)
Net financing income		44,560	41,601	127,229	127,639
Net investment income	3	3,979	1,795	11,593	3,861
Net fees and commission income		3,472	5,326	18,871	17,156
Net foreign exchange gain		1,787	2,098	4,656	4,424
Other income		235	-	858	-
Operating income		54,033	50,820	163,207	153,080
Staff costs		(16,090)	(15,196)	(47,331)	(45,196)
General and administrative expenses		(7,201)	(5,986)	(22,520)	(19,451)
Depreciation		(3,566)	(3,163)	(10,655)	(9,347)
Operating expenses		(26,857)	(24,345)	(80,506)	(73,994)
Operating profit before provision for impairment		27,176	26,475	82,701	79,086
Provision for impairment	4	(9,354)	(9,663)	(25,561)	(31,245)
Operating profit before deductions		17,822	16,812	57,140	47,841
Taxation reversal / (charged)	5	373	(2,171)	1,545	(2,207)
Net profit for the period		18,195	14,641	58,685	45,634
Attributable to:					
Equity holders of the Bank		19,827	15,506	61,100	48,588
Non-controlling interests		(1,632)	(865)	(2,415)	(2,954)
Net profit for the period		18,195	14,641	58,685	45,634
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	6	4.23	3.14	13.89	11.07

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 September 2023

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Net profit for the period	18,195	14,641	58,685	45,634
Other comprehensive income / (loss):				
Items that are or may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:				
Change in fair value of debt investments at fair value through other comprehensive income	4,553	5,061	4,944	3,694
Foreign currency translation adjustments	(1,198)	(4,231)	60	(5,620)
Items that will not be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:				
Change in fair value of equity investments at fair value through other comprehensive income	57	214	54	(124)
Other comprehensive income / (loss) for the period	3,412	1,044	5,058	(2,050)
Total comprehensive income for the period	21,607	15,685	63,743	43,584
Attributable to:				
Equity holders of the Bank	24,161	19,385	66,273	51,167
Non-controlling interests	(2,554)	(3,700)	(2,530)	(7,583)
Total comprehensive income for the period	21,607	15,685	63,743	43,584

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 2023

			(Audited) 31 December 2022	30 September 2022
	Notes	30 September 2023		
		KD'000's	KD'000's	KD'000's
Assets				
Cash and balances with banks	7	457,524	533,183	320,891
Deposits with Central Bank of Kuwait		302,266	247,802	396,642
Deposits with other banks		101,201	131,685	236,117
Islamic financing to customers	8	6,088,215	5,913,518	5,814,040
Investment in Sukuk	9	754,101	609,565	546,973
Other investment securities	9	156,002	155,156	154,323
Investment properties		72,431	33,618	30,599
Other assets		125,291	127,596	137,336
Property and equipment		143,950	128,634	119,593
Total assets		8,200,981	7,880,757	7,756,514
Liabilities and equity				
Liabilities				
Due to banks		187,011	198,678	224,526
Depositors' accounts		6,286,833	5,961,728	5,807,009
Medium term financing	10	592,383	637,629	645,416
Other liabilities		124,945	103,023	107,326
Total liabilities		7,191,172	6,901,058	6,784,277
Equity				
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	1,385	(3,788)	(614)
Retained earnings		59,739	4,717	46,490
Proposed cash dividends	19	-	22,429	-
Equity attributable to equity holders of the Bank		836,400	798,634	792,610
Perpetual Tier 1 Sukuk	18	150,385	150,385	150,385
Non-controlling interests		23,024	30,680	29,242
Total equity		1,009,809	979,699	972,237
Total liabilities and equity		8,200,981	7,880,757	7,756,514



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 : ٢٠٢٣ / ١٠ / ١٦ : التاريخ

..... : الموافق


السيد نائب رئيس مجلس الإدارة والرئيس التنفيذي للمجموعة المحترم
بنك بوبيان

تحية طيبة وبعد،

بالإشارة إلى كتابكم المؤرخ 2023/10/9 المرفق به البيانات المالية المرحلية المجمعة لمصرفكم عن الفترة المنتهية في 2023/9/30، والتي تم إعدادها لأغراض النشر وفقاً لمتطلبات بورصة الكويت، وعطفاً على الإيضاحات والبيانات التفصيلية الواردة إلينا في هذا الشأن والتي كان آخرها بتاريخ 2023/10/16.

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،،،


د. محمد بدر الخميس
مدير إدارة الرقابة المكتبية

- نسخة إلى بورصة الكويت.

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 SEPTEMBER 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 September 2023

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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

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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 nine months period ended 30 September 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 nine months period ended 30 September 2023 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM ALSAMDAN
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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 September 2023

	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2023	2022	2023	2022
		KD'000's	KD'000's	KD'000's	KD'000's
Income					
Murabaha and other Islamic financing income		102,988	73,770	291,074	200,175
Finance cost and distribution to depositors		(58,428)	(32,169)	(163,845)	(72,536)
Net financing income		44,560	41,601	127,229	127,639
Net investment income	3	3,979	1,795	11,593	3,861
Net fees and commission income		3,472	5,326	18,871	17,156
Net foreign exchange gain		1,787	2,098	4,656	4,424
Other income		235	-	858	-
Operating income		54,033	50,820	163,207	153,080
 Staff costs		 (16,090)	(15,196)	 (47,331)	(45,196)
General and administrative expenses		(7,201)	(5,986)	(22,520)	(19,451)
Depreciation		(3,566)	(3,163)	(10,655)	(9,347)
Operating expenses		(26,857)	(24,345)	(80,506)	(73,994)
 Operating profit before provision for impairment		 27,176	26,475	 82,701	79,086
Provision for impairment	4	(9,354)	(9,663)	(25,561)	(31,245)
Operating profit before deductions		17,822	16,812	57,140	47,841
Taxation reversal / (charged)	5	373	(2,171)	1,545	(2,207)
Net profit for the period		18,195	14,641	58,685	45,634
 Attributable to:					
Equity holders of the Bank		19,827	15,506	61,100	48,588
Non-controlling interests		(1,632)	(865)	(2,415)	(2,954)
Net profit for the period		18,195	14,641	58,685	45,634
 Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	6	 4.23	3.14	 13.89	11.07

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 September 2023

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Net profit for the period	18,195	14,641	58,685	45,634
Other comprehensive income / (loss):				
Items that are or may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:				
Change in fair value of debt investments at fair value through other comprehensive income	4,553	5,061	4,944	3,694
Foreign currency translation adjustments	(1,198)	(4,231)	60	(5,620)
Items that will not be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:				
Change in fair value of equity investments at fair value through other comprehensive income	57	214	54	(124)
Other comprehensive income / (loss) for the period	3,412	1,044	5,058	(2,050)
Total comprehensive income for the period	21,607	15,685	63,743	43,584
Attributable to:				
Equity holders of the Bank	24,161	19,385	66,273	51,167
Non-controlling interests	(2,554)	(3,700)	(2,530)	(7,583)
Total comprehensive income for the period	21,607	15,685	63,743	43,584

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 2023

			(Audited) 31 December 2022	30 September 2022
	Notes	30 September 2023		
		KD'000's	KD'000's	KD'000's
Assets				
Cash and balances with banks	7	457,524	533,183	320,891
Deposits with Central Bank of Kuwait		302,266	247,802	396,642
Deposits with other banks		101,201	131,685	236,117
Islamic financing to customers	8	6,088,215	5,913,518	5,814,040
Investment in Sukuk	9	754,101	609,565	546,973
Other investment securities	9	156,002	155,156	154,323
Investment properties		72,431	33,618	30,599
Other assets		125,291	127,596	137,336
Property and equipment		143,950	128,634	119,593
Total assets		8,200,981	7,880,757	7,756,514
Liabilities and equity				
Liabilities				
Due to banks		187,011	198,678	224,526
Depositors' accounts		6,286,833	5,961,728	5,807,009
Medium term financing	10	592,383	637,629	645,416
Other liabilities		124,945	103,023	107,326
Total liabilities		7,191,172	6,901,058	6,784,277
Equity				
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	1,385	(3,788)	(614)
Retained earnings		59,739	4,717	46,490
Proposed cash dividends	19	-	22,429	-
Equity attributable to equity holders of the Bank		836,400	798,634	792,610
Perpetual Tier 1 Sukuk	18	150,385	150,385	150,385
Non-controlling interests		23,024	30,680	29,242
Total equity		1,009,809	979,699	972,237
Total liabilities and equity		8,200,981	7,880,757	7,756,514



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 September 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
Balance at 1 January 2023	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
Net profit/(loss) for the period	-	-	-	-	-	-	-	61,100	-	61,100	-	(2,415)	58,685
Other comprehensive income/(loss)	-	-	-	-	-	-	5,173	-	-	5,173	-	(115)	5,058
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	5,173	61,100	-	66,273	-	(2,530)	63,743
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	-	-	-	-	-	-	-	(6,078)	-	(6,078)	-	-	(6,078)
Other movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,126)	(5,126)
Balance at 30 September 2023	396,300	316,942	-	(54)	46,761	15,327	1,385	59,739	-	836,400	150,385	23,024	1,009,809
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
Net 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	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
Balance at 30 September 2022	373,868	316,942	-	(54)	40,651	15,327	(614)	46,490	-	792,610	150,385	29,242	972,237

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 September 2023

	Notes	Nine months ended 30 September	
		2023	2022
		KD'000's	KD'000's
OPERATING ACTIVITIES			
Net profit for the period		58,685	45,634
Adjustments for:			
Provision for impairment	4	25,561	31,245
Depreciation		10,655	9,347
Dividend income	3	(4,881)	(2,304)
Net (gain) / loss from financial assets at fair value through profit or loss		(2,282)	1,212
Net loss from debt investments	3	173	162
Realized gain on sale of investment properties		-	(1,174)
Unrealized gain from change in fair value of investment properties		(2,068)	-
Share of results of associates	3	(168)	(796)
Operating profit before changes in operating assets and liabilities		85,675	83,326
Changes in operating assets and liabilities:			
Deposits with Central Bank of Kuwait		(4,453)	(773)
Deposits with other banks		7,659	(71,187)
Islamic financing to customers		(217,131)	(326,037)
Other assets		1,178	(18,945)
Due to banks		(10,451)	(181,456)
Depositors' accounts		344,682	198,044
Other liabilities		46,240	1,191
Net cash generated from/ (used in) operating activities		253,399	(315,837)
INVESTING ACTIVITIES			
Purchase of investment securities		(343,051)	(265,717)
Proceeds from sale/redemption of investment securities		197,901	202,957
Purchase of investment properties		(37,802)	(22,923)
Proceeds from sale of investment properties		1,281	12,630
Purchase of property and equipment		(25,972)	(20,737)
Dividend income received		4,881	2,307
Net cash used in investing activities		(202,762)	(91,483)
FINANCING ACTIVITIES			
Proceeds from increase in share capital		-	200,000
Cost directly related to increase in share capital		-	(130)
Profit distribution on perpetual Tier 1 Sukuk		(6,078)	(6,068)
Net movement of non-controlling interest		(5,126)	675
Dividends paid		(22,429)	(15,896)
Redemption of Medium term financing		(107,170)	-
Issuance of Global Medium Term Sukuk		-	152,225
Proceeds from other medium term financing		61,490	-
Profit distribution on medium term financing		(17,469)	(10,593)
Net cash (used in) / generated from financing activities		(96,782)	320,213
Net change in cash and cash equivalents		(46,145)	(87,107)
Net foreign exchange difference		265	4,579
Cash and cash equivalents at beginning of the period		729,426	766,008
Cash and cash equivalents at end of the period	7	683,546	683,480

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 September 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 18th 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 nine months period ended 30 September 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 October 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 nine months period ended 30 September 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 September 2023

3. NET INVESTMENT INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Dividend income	1,842	871	4,881	2,304
Net gain /(loss) from financial assets at fair value through profit or loss	321	(364)	2,282	(1,212)
Net (loss) from debt investments	(3)	(115)	(173)	(162)
Net income from investment properties	1,857	570	4,435	2,135
Share of results of associates	(38)	833	168	796
	3,979	1,795	11,593	3,861

4. PROVISION FOR IMPAIRMENT

	Three months ended 30 September		Nine months ended 30 September	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Provision charge for Islamic financing to customers	9,735	8,601	26,341	25,719
ECL – Other financial assets	(381)	1,062	(780)	5,526
	9,354	9,663	25,561	31,245

5. TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	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")	186	159	574	550
National Labour Support Tax ("NLST")	511	417	1,613	1,302
Zakat (Based on Zakat law no: 46/2006)	206	167	648	521
Overseas tax	(1,276)	1,428	(4,380)	(166)
	(373)	2,171	(1,545)	2,207

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	
	2023	2022	2023	2022
Net profit for the period attributable to the equity holders of the Bank (KD'000)	19,827	15,506	61,100	48,588
Less: profit payment on Perpetual Tier 1 Sukuk (KD'000)	(3,051)	(3,067)	(6,078)	(6,068)
	16,776	12,439	55,022	42,520
Weighted average number of shares outstanding during the period net of treasury shares (thousands of shares)	3,962,469	3,962,528	3,962,489	3,841,495
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	4.23	3.14	13.89	11.07

Earnings per share for the prior period were 3.33 and 11.76 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 September 2023

7. CASH AND CASH EQUIVALENTS

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD'000's	KD'000's	KD'000's
Cash and balances with banks	457,524	533,183	320,891
Placements with banks maturing within seven days	226,022	196,243	362,589
	683,546	729,426	683,480

8. ISLAMIC FINANCING TO CUSTOMERS

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD'000's	KD'000's	KD'000's
Islamic financing to customers	6,296,358	6,109,384	6,005,283
Provision for impairment	(208,143)	(195,866)	(191,243)
	6,088,215	5,913,518	5,814,040

The available provision for impairment on non-cash facilities of **KD 3,573** thousands (31 December 2022: KD 3,894 thousands, 30 September 2022: KD 3,497 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 is given below. For contingent liabilities, the amounts in the table represent the amounts committed or guaranteed, respectively.

	Stage 1 KD'000's	Stage 2 KD'000's	Stage 3 KD'000's	Total KD'000's
30 September 2023				
Islamic financing to customers	6,024,299	203,560	68,499	6,296,358
Contingent liabilities (Note 14)	328,002	73,196	2,734	403,932
Commitments (revocable and irrevocable) to extend credit	1,157,971	60,974	282	1,219,227
31 December 2022 (Audited)				
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
30 September 2022				
Islamic financing to customers	5,694,463	249,793	61,027	6,005,283
Contingent liabilities (Note 14)	334,977	74,737	3,131	412,845
Commitments (revocable and irrevocable) to extend credit	885,241	35,082	54	920,377

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 September 2023

8. ISLAMIC FINANCING TO CUSTOMERS (continued)

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

	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
30 September 2023				
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	(987)	192	795	-
Transfer from Stage 2	1,288	(2,235)	947	-
Transfer from Stage 3	2,739	340	(3,079)	-
(Release)/additional ECL for the period	(5,161)	(229)	19,077	13,687
Amounts written off and recoveries	-	-	(16,659)	(16,659)
Foreign currency translation	61	39	103	203
At 30 September 2023	22,456	14,134	35,952	72,542
30 September 2022				
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	(1,632)	383	1,249	-
Transfer from Stage 2	1,393	(3,223)	1,830	-
Transfer from Stage 3	597	5	(602)	-
(Release)/additional ECL for the period	(247)	1,970	6,000	7,723
Amounts written off and recoveries	-	-	4,014	4,014
Foreign currency translation	(21)	(229)	(2,808)	(3,058)
At 30 September 2022	22,507	13,534	36,128	72,169

9. INVESTMENT SECURITIES

	30 September 2023 KD'000's	(Audited) 31 December 2022 KD'000's	30 September 2022 KD'000's
Investment in Sukuk	754,101	609,565	546,973
Financial assets at fair value through profit or loss	131,487	134,373	130,818
Financial assets at fair value through other comprehensive income	21,847	18,249	20,237
Investment in associates	2,668	2,534	3,268
	910,103	764,721	701,296
	30 September 2023 KD'000's	(Audited) 31 December 2022 KD'000's	30 September 2022 KD'000's
Investment in Sukuk			
Investment in Sukuk- FVOCI	736,095	591,893	528,979
Investment in Sukuk- FVTPL	18,006	17,672	17,994
	754,101	609,565	546,973
Financial assets at fair value through profit or loss			
Investment in unquoted funds	131,487	134,373	130,818
	131,487	134,373	130,818
Financial assets at fair value through other comprehensive income			
Investment in unquoted equity securities	13,077	15,310	17,146
Investment in quoted equity securities	8,770	2,939	3,091
	21,847	18,249	20,237

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 September 2023

10. MEDIUM TERM FINANCING

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD'000's	KD'000's	KD'000's
Global Medium Term Sukuk ("GMTN programme")*	375,632	376,843	381,304
Other medium term financing**	216,751	260,786	264,112
	592,383	637,629	645,416

* 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 6.2% to 6.4% (31 December 2022: 5.3% to 6.2%, 30 September 2022: 3.7% to 4.5%).

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 September 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 September 2023	31 December 2022	30 September 2022	30 September 2023	31 December 2022	30 September 2022	30 September 2023	31 December 2022	30 September 2022
							KD'000's	KD'000's	KD'000's
Islamic financing to customers	13	9	10	5	1	2	56,922	46,828	47,931
Depositors' accounts	20	24	24	26	20	22	13,260	18,311	18,951
Letters of guarantee and letters of credit	-	-	-	1	1	1	13	13	13
Murabaha and other Islamic financing income							2,119	1,566	1,180
Finance cost and distribution to depositors							(386)	(3)	(3)
Parent Company									
Due from banks							16,339	25,810	114,863
Due to banks							104,025	20,442	30,908
Depositors accounts							42	300	336
Murabaha and other Islamic financing income							479	2,277	1,878
Finance cost and distribution to depositors							(1,748)	(1,002)	(674)

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 September 2023

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	
	2023	2022	2023	2022
	KD'000's	KD'000's	KD'000's	KD'000's
Short-term benefits	947	911	2,777	2,548
Post-employment benefits	70	158	234	476
Deferred compensation	263	232	791	685
	1,280	1,301	3,802	3,709

12. TREASURY SHARES

The Bank held the following treasury shares:

	30 September 2023	(Audited) 31 December 2022	30 September 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	323	380	364
Weighted average of market value per share – KD	0.656	0.835	0.840

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
Balance at 1 January 2023	10,613	(13,192)	(1,209)	(3,788)
Other comprehensive income for the period	4,998	175	-	5,173
Total comprehensive income for the period	4,998	175	-	5,173
Balance at 30 September 2023	15,611	(13,017)	(1,209)	1,385
Balance at 1 January 2022	11,891	(11,508)	(3,576)	(3,193)
Other comprehensive income/(loss) for the period	3,570	(991)	-	2,579
Total comprehensive income/(loss) for the period	3,570	(991)	-	2,579
Balance at 30 September 2022	15,461	(12,499)	(3,576)	(614)

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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 2023	(Audited) 31 December 2022	30 September 2022
	KD'000's	KD'000's	KD'000's
Guarantees	305,115	315,593	292,232
Acceptances and letters of credit	98,817	91,746	120,613
Other commitments	173,107	135,823	158,650
	577,039	543,162	571,495

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
Nine months ended 30 September 2023						
Net financing income	75,108	24,382	11,825	11,011	4,903	127,229
Operating income	85,559	30,580	31,129	15,692	247	163,207
Net profit/(loss) for the period	51,883	26,578	6,647	15,102	(41,525)	58,685
Total assets	2,552,178	3,244,808	769,578	1,485,723	148,694	8,200,981
Total liabilities	4,369,344	408,188	650,353	1,204,188	559,099	7,191,172
Nine months ended 30 September 2022						
Net financing income	73,795	23,801	12,960	15,951	1,132	127,639
Operating income/(loss)	81,714	30,161	22,463	20,370	(1,628)	153,080
Net profit/(loss) for the period	49,506	25,914	(3,455)	19,674	(46,005)	45,634
Total assets	2,514,793	3,015,820	706,224	1,393,076	126,601	7,756,514
Total liabilities	3,612,855	506,484	676,733	1,468,267	519,938	6,784,277

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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
30 September 2023				
Financial assets at fair value through profit or loss	-	131,487	-	131,487
Investment in Sukuk	754,101	-	-	754,101
Financial assets at fair value through other comprehensive income	8,770	-	13,077	21,847
	762,871	131,487	13,077	907,435
31 December 2022 (Audited)				
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
	612,504	134,373	15,310	762,187
30 September 2022				
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
	550,064	130,818	17,146	698,028

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 September
	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's
30 September 2023:							
Assets measured at fair value							
Financial assets at fair value through other comprehensive income	15,310	-	-	(1,794)	(445)	6	13,077
	15,310	-	-	(1,794)	(445)	6	13,077
30 September 2022:							
Assets measured at fair value							
Financial assets at fair value through other comprehensive income	16,600	-	-	1,630	(1,121)	37	17,146
	16,600	-	-	1,630	(1,121)	37	17,146

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:

	30 September 2023			31 December 2022 (Audited)			30 September 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)	35,423	(13,804)	691,511	23,776	(9,773)	558,354	26,366	(10,338)	551,017
Cross currency swaps	-	(1,016)	184,775	340	(558)	245,385	2,401	(9)	170,965
Forward foreign exchange contracts	-	(1)	4,648	203	(480)	124,771	486	(372)	116,614
	35,423	(14,821)	880,934	24,319	(10,811)	928,510	29,253	(10,719)	838,596

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

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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 September 2023, the Group has transitioned most of its contracts to "Risk-Free Rates" (RFRs). For one syndicated contract, discussions are currently in progress with the counterparties/customers to complete transition before the next repricing date.

Derivatives held for hedging purposes

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