



Kuwait: 17/04/2023
Ref: 4242/2023

الكويت: 2023/04/17
الإشارة: 2023/4242

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 March 31st 2023**

With reference to the above subject, attached is the quarterly financial statements results form for the period ended March 31st 2023 after obtaining Central Bank of Kuwait's approval as per the attached letter.

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 Wednesday , April 19th 2023. Interested analysts may send an email to: Investor-Relations@bankboubyan.com in order to provide them with the Call instructions for attendance.

البيانات المالية المرحلية للفترة المنتهية في 2023/03/31

بالإشارة إلى الموضوع أعلاه، نرفق لكم طيه نموذج نتائج البيانات المالية المرحلية لمصرفنا عن الفترة المنتهية في 2023/03/31، وذلك بعد الحصول على موافقة بنك الكويت المركزي بشأنها وفقاً للكتاب المرفق.

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 الأربعاء الموافق 2023/04/19 حيث يمكن للمحللين المهتمين التواصل مع مصرفنا على البريد الإلكتروني: Investor-Relations@bankboubyan.com ليتم تزويدهم بال رابط الخاص بالمؤتمر المذكور.

Best regards,

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

DocuSigned by:

وتفضلوا بقبول فائق الاحترام
39EFA0B0D074B1...

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

ع.م.س

Financial Results Form
Kuwaiti Company (KWD)

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

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

| | | |
|--------------------------------|------------|------------------------------|
| First Quarter Results Ended on | 2023-03-31 | نتائج الربع الاول المنتهي في |
|--------------------------------|------------|------------------------------|

| | | |
|---------------------------------|------------|---------------------------|
| Board of Directors Meeting Date | 2023-04-09 | 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 الثلاث اشهر المقارنة | فترة الثلاث اشهر الحالية | البيان |
|-------------|--------------------------------|----------------------------|--|
| Change (%) | Three Month Comparative Period | Three Month Current Period | Statement |
| | 2022-03-31 | 2023-03-31 | |
| 22% | 16,954,338 | 20,612,430 | صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company |
| 19% | 3.74 | 4.44 | ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share |
| 18% | 4,651,300,902 | 5,490,187,811 | الموجودات المتداولة Current Assets |
| 8% | 7,459,869,809 | 8,030,951,009 | إجمالي الموجودات Total Assets |
| 12% | 5,545,086,082 | 6,185,627,754 | المطلوبات المتداولة Current Liabilities |
| 5% | 6,709,539,829 | 7,065,071,457 | إجمالي المطلوبات Total Liabilities |
| 41% | 562,095,300 | 790,252,385 | إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company |
| 6% | 49,700,146 | 52,560,903 | إجمالي الإيرادات التشغيلية Total Operating Revenue |
| 6% | 26,033,283 | 27,555,213 | 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 الاول الحالي | الربع الاول المقارن | التغيير (%) |
|--|------------------------------|----------------------------------|----------------------------|
| Statement | First Quarter Current Period | First Quarter Comparative Period | Change (%) |
| | 2023-03-31 | 2022-03-31 | |
| صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company | Not Applicable لا ينطبق | Not Applicable لا ينطبق | Not Applicable لا ينطبق |
| ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share | Not Applicable لا ينطبق | Not Applicable لا ينطبق | Not Applicable لا ينطبق |
| إجمالي الإيرادات التشغيلية Total Operating Revenue | Not Applicable لا ينطبق | Not Applicable لا ينطبق | Not Applicable لا ينطبق |
| صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss) | Not Applicable لا ينطبق | Not Applicable لا ينطبق | Not Applicable لا ينطبق |

- 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 الثلاثة أشهر المنتهية في 31 مارس 2023 مقارنة بفترة الثلاثة أشهر المنتهية في 31 مارس 2022 بشكل رئيسي إلى الزيادة في صافي إيرادات الأتعاب والعمولات بمبلغ 3,266,483 دينار كويتي ، والزيادة في صافي إيرادات الاستثمار بمبلغ 1,177,530 دينار كويتي والذي قابله جزئياً انخفاض في صافي إيرادات التمويل بمبلغ 2,030,747 دينار كويتي وزيادة في المصروفات التشغيلية بمبلغ 1,339,327 دينار كويتي ، بالإضافة إلى الانخفاض في قيمة الضرائب الخارجية بمبلغ 1,435,358 دينار كويتي . | The increase in net profit for the Three months period ended 31 March 2023 compared to the Three months period ended 31 March 2022 is mainly due to the increase in net fees and commission income by KD 3,266,483 and increase in net Investment income by KD 1,177,530 which was partially offset by decrease in net financing income by KD 2,030,747 and increase in operating expenses by KD 1,339,327 . In addition to the decrease in the overseas Tax by KD 1,435,358 . |

| | | |
|--|-------------|--|
| بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.) | KWD 927,398 | Total Revenue realized from dealing with related parties (value, KWD) |
| بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.) | KWD 133,331 | Total Expenditures incurred from dealing with related parties (value, KWD) |

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

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 |

| 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 |
|---|---|---|-------------------------------|
|  | <p>DocuSigned by:</p>  <p>39E9FA0B0D074B1...</p> | <p>نائب رئيس مجلس الإدارة والرئيس التنفيذي للمجموعة</p> | <p>عادل عبد الوهاب الماجد</p> |

اسم

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 31 March 2023, and the related interim condensed consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flow for the three months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the three months period ended 31 March 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 three months period ended 31 March 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 31 March 2023

| | | Three months ended 31 March | |
|---|-------|--------------------------------|----------|
| | | 2023 | 2022 |
| | Notes | KD'000's | KD'000's |
| Income | | | |
| Murabaha and other Islamic financing income | | 91,033 | 59,526 |
| Finance cost and distribution to depositors | | (51,271) | (17,733) |
| Net financing income | | 39,762 | 41,793 |
| Net investment income | 3 | 3,420 | 2,242 |
| Net fees and commission income | | 7,831 | 4,565 |
| Net foreign exchange gain | | 1,548 | 1,100 |
| Operating income | | 52,561 | 49,700 |
| Staff costs | | (14,175) | (14,081) |
| General and administrative expenses | | (7,262) | (6,530) |
| Depreciation | | (3,569) | (3,056) |
| Operating expenses | | (25,006) | (23,667) |
| Operating profit before provision for impairment | | 27,555 | 26,033 |
| Provision for impairment | 4 | (10,374) | (9,989) |
| Operating profit before deductions | | 17,181 | 16,044 |
| Taxation reversal/(charged) | 5 | 2,261 | 978 |
| Net profit for the period | | 19,442 | 17,022 |
| Attributable to: | | | |
| Equity holders of the Bank | | 20,612 | 16,954 |
| Non-controlling interests | | (1,170) | 68 |
| Net profit for the period | | 19,442 | 17,022 |
| Basic and diluted earnings per share attributable to the equity holders of the Bank (fils) | 6 | 4.44 | 3.74 |

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 31 March 2023

| | Three months ended 31 March | |
|---|--------------------------------|----------|
| | 2023 | 2022 |
| | KD'000's | KD'000's |
| Net profit for the period | 19,442 | 17,022 |
| Other comprehensive (loss)/income: | | |
| 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 | (3,713) | 672 |
| Foreign currency translation adjustments | 308 | (593) |
| 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 | (1) | (235) |
| Other comprehensive loss for the period | (3,406) | (156) |
| Total comprehensive income for the period | 16,036 | 16,866 |
| Attributable to: | | |
| Equity holders of the Bank | 17,074 | 17,475 |
| Non-controlling interests | (1,038) | (609) |
| Total comprehensive income for the period | 16,036 | 16,866 |

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 31 March 2023

| | Notes | 31 March 2023 KD'000's | (Audited) 31 December 2022 KD'000's | 31 March 2022 KD'000's |
|--|-------|------------------------------|--|------------------------------|
| Assets | | | | |
| Cash and balances with banks | 7 | 379,448 | 533,183 | 318,968 |
| Deposits with Central Bank of Kuwait | | 438,271 | 247,802 | 227,868 |
| Deposits with other banks | | 145,278 | 131,685 | 300,490 |
| Islamic financing to customers | 8 | 5,970,371 | 5,913,518 | 5,670,671 |
| Investment in Sukuk | 9 | 677,920 | 609,565 | 542,844 |
| Other investment securities | 9 | 146,252 | 155,156 | 164,267 |
| Investment properties | | 55,741 | 33,618 | 18,159 |
| Other assets | | 84,121 | 127,596 | 101,525 |
| Property and equipment | | 133,549 | 128,634 | 115,078 |
| Total assets | | 8,030,951 | 7,880,757 | 7,459,870 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Due to banks | | 160,520 | 198,678 | 468,033 |
| Depositors' accounts | | 6,220,178 | 5,961,728 | 5,501,485 |
| Medium term financing | 10 | 559,545 | 637,629 | 637,689 |
| Other liabilities | | 124,828 | 103,023 | 102,333 |
| Total liabilities | | 7,065,071 | 6,901,058 | 6,709,540 |
| Equity | | | | |
| Share capital | | 373,868 | 373,868 | 317,970 |
| Share premium | | 316,942 | 316,942 | 156,942 |
| Proposed bonus shares | 19 | 22,432 | 22,432 | 15,898 |
| 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 | (7,326) | (3,788) | (2,672) |
| Retained earnings | | 22,302 | 4,717 | 18,033 |
| Proposed cash dividends | 19 | - | 22,429 | - |
| Equity attributable to equity holders of the Bank | | 790,252 | 798,634 | 562,095 |
| Perpetual Tier 1 Sukuk | 18 | 150,385 | 150,385 | 150,385 |
| Non-controlling interests | | 25,243 | 30,680 | 37,850 |
| Total equity | | 965,880 | 979,699 | 750,330 |
| Total liabilities and equity | | 8,030,951 | 7,880,757 | 7,459,870 |



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.: 3031 /105/2
الإشارة :

التاريخ : ١٠٧٠٠١٠٢٠٣
الموافق :

السيد نائب رئيس مجلس الإدارة والرئيس التنفيذي للمجموعة
بنك بوبيان

تحية طيبة وبعد،

بالإشارة إلى كتابكم المؤرخ 2023/4/6 المرفق به البيانات المالية المرحلية المجمعة
لمصرفكم عن الفترة المنتهية في 2023/3/31، والتي تم إعدادها لأغراض النشر وفقاً لمتطلبات
بورصة الكويت، وعطفاً على الإيضاحات والبيانات التفصيلية الواردة إلينا في هذا الشأن والتي كان
آخرها بتاريخ 2023/4/13.

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،،،



عبدالحميد داود الغوص

- نسخة إلى بورصة الكويت.

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

31 MARCH 2023

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

For the period from 1 January 2023 to 31 March 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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Scope of Review

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

Conclusion

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

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the three months period ended 31 March 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 three months period ended 31 March 2023 that might have had a material effect on the business of the Bank or on its financial position.



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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 31 March 2023

| | | Three months ended 31 March | |
|---|-------|--------------------------------|----------|
| | | 2023 | 2022 |
| | Notes | KD'000's | KD'000's |
| Income | | | |
| Murabaha and other Islamic financing income | | 91,033 | 59,526 |
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| Net foreign exchange gain | | 1,548 | 1,100 |
| Operating income | | 52,561 | 49,700 |
| Staff costs | | (14,175) | (14,081) |
| General and administrative expenses | | (7,262) | (6,530) |
| Depreciation | | (3,569) | (3,056) |
| Operating expenses | | (25,006) | (23,667) |
| Operating profit before provision for impairment | | 27,555 | 26,033 |
| Provision for impairment | 4 | (10,374) | (9,989) |
| Operating profit before deductions | | 17,181 | 16,044 |
| Taxation reversal/(charged) | 5 | 2,261 | 978 |
| Net profit for the period | | 19,442 | 17,022 |
| Attributable to: | | | |
| Equity holders of the Bank | | 20,612 | 16,954 |
| Non-controlling interests | | (1,170) | 68 |
| Net profit for the period | | 19,442 | 17,022 |
| Basic and diluted earnings per share attributable to the equity holders of the Bank (fils) | 6 | 4.44 | 3.74 |

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 31 March 2023

| | Three months ended 31 March | |
|---|--------------------------------|----------|
| | 2023 | 2022 |
| | KD'000's | KD'000's |
| Net profit for the period | 19,442 | 17,022 |
| Other comprehensive (loss)/income: | | |
| 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 | (3,713) | 672 |
| Foreign currency translation adjustments | 308 | (593) |
| 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 | (1) | (235) |
| Other comprehensive loss for the period | (3,406) | (156) |
| Total comprehensive income for the period | 16,036 | 16,866 |
| Attributable to: | | |
| Equity holders of the Bank | 17,074 | 17,475 |
| Non-controlling interests | (1,038) | (609) |
| Total comprehensive income for the period | 16,036 | 16,866 |

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 31 March 2023

| | Notes | 31 March 2023 KD'000's | (Audited) 31 December 2022 KD'000's | 31 March 2022 KD'000's |
|--|-------|------------------------------|--|------------------------------|
| Assets | | | | |
| Cash and balances with banks | 7 | 379,448 | 533,183 | 318,968 |
| Deposits with Central Bank of Kuwait | | 438,271 | 247,802 | 227,868 |
| Deposits with other banks | | 145,278 | 131,685 | 300,490 |
| Islamic financing to customers | 8 | 5,970,371 | 5,913,518 | 5,670,671 |
| Investment in Sukuk | 9 | 677,920 | 609,565 | 542,844 |
| Other investment securities | 9 | 146,252 | 155,156 | 164,267 |
| Investment properties | | 55,741 | 33,618 | 18,159 |
| Other assets | | 84,121 | 127,596 | 101,525 |
| Property and equipment | | 133,549 | 128,634 | 115,078 |
| Total assets | | 8,030,951 | 7,880,757 | 7,459,870 |
| Liabilities and equity | | | | |
| Liabilities | | | | |
| Due to banks | | 160,520 | 198,678 | 468,033 |
| Depositors' accounts | | 6,220,178 | 5,961,728 | 5,501,485 |
| Medium term financing | 10 | 559,545 | 637,629 | 637,689 |
| Other liabilities | | 124,828 | 103,023 | 102,333 |
| Total liabilities | | 7,065,071 | 6,901,058 | 6,709,540 |
| Equity | | | | |
| Share capital | | 373,868 | 373,868 | 317,970 |
| Share premium | | 316,942 | 316,942 | 156,942 |
| Proposed bonus shares | 19 | 22,432 | 22,432 | 15,898 |
| 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 | (7,326) | (3,788) | (2,672) |
| Retained earnings | | 22,302 | 4,717 | 18,033 |
| Proposed cash dividends | 19 | - | 22,429 | - |
| Equity attributable to equity holders of the Bank | | 790,252 | 798,634 | 562,095 |
| Perpetual Tier 1 Sukuk | 18 | 150,385 | 150,385 | 150,385 |
| Non-controlling interests | | 25,243 | 30,680 | 37,850 |
| Total equity | | 965,880 | 979,699 | 750,330 |
| Total liabilities and equity | | 8,030,951 | 7,880,757 | 7,459,870 |



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 31 March 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 |
| Profit/(loss) for the period | - | - | - | - | - | - | - | 20,612 | - | 20,612 | - | (1,170) | 19,442 |
| Other comprehensive (loss) / income | - | - | - | - | - | - | (3,538) | - | - | (3,538) | - | 132 | (3,406) |
| Total comprehensive (loss) / income for the period | - | - | - | - | - | - | (3,538) | 20,612 | - | 17,074 | - | (1,038) | 16,036 |
| Dividends payable (note 19) | - | - | - | - | - | - | - | - | (22,429) | (22,429) | - | - | (22,429) |
| Other movement in non- controlling interests | - | - | - | - | - | - | - | - | - | - | - | (4,399) | (4,399) |
| Profit paid on Perpetual Tier 1 Sukuk | - | - | - | - | - | - | - | (3,027) | - | (3,027) | - | - | (3,027) |
| Balance at 31 March 2023 | 373,868 | 316,942 | 22,432 | (54) | 46,761 | 15,327 | (7,326) | 22,302 | - | 790,252 | 150,385 | 25,243 | 965,880 |
| 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 for the period | - | - | - | - | - | - | - | 16,954 | - | 16,954 | - | 68 | 17,022 |
| Other comprehensive income /(loss) | - | - | - | - | - | - | 521 | - | - | 521 | - | (677) | (156) |
| Total comprehensive income/(loss) for the period | - | - | - | - | - | - | 521 | 16,954 | - | 17,475 | - | (609) | 16,866 |
| Dividends payable | - | - | - | - | - | - | - | - | (15,896) | (15,896) | - | - | (15,896) |
| Other movement in non- controlling interests | - | - | - | - | - | - | - | - | - | - | - | 2,309 | 2,309 |
| Profit paid on Perpetual Tier 1 Sukuk | - | - | - | - | - | - | - | (3,021) | - | (3,021) | - | - | (3,021) |
| Balance at 31 March 2022 | 317,970 | 156,942 | 15,898 | (54) | 40,651 | 15,327 | (2,672) | 18,033 | - | 562,095 | 150,385 | 37,850 | 750,330 |

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 31 March 2023

| | Notes | Three months ended 31 March | |
|--|-------|--------------------------------|------------------|
| | | 2023 | 2022 |
| | | KD'000's | KD'000's |
| OPERATING ACTIVITIES | | | |
| Net profit for the period | | 19,442 | 17,022 |
| Adjustments for: | | | |
| Provision for impairment | 4 | 10,374 | 9,989 |
| Depreciation | | 3,569 | 3,056 |
| Foreign currency translation adjustments | | (6,346) | (6,180) |
| Dividend income | 3 | (1,177) | (560) |
| Net gain from financial assets at fair value through profit or loss | 3 | (841) | (558) |
| Net loss /(gain) from sale of debt investments at FVOCI | 3 | 221 | (13) |
| Unrealized gain from change in fair value of investment properties | | (978) | - |
| Share of results of associates | 3 | (121) | (36) |
| Operating profit before changes in operating assets and liabilities | | 24,143 | 22,720 |
| Changes in operating assets and liabilities: | | | |
| Deposits with Central Bank of Kuwait | | (15,537) | (2,006) |
| Deposits with other banks | | (1,272) | 87,416 |
| Islamic financing to customers | | (67,935) | (167,279) |
| Other assets | | 43,246 | (12,017) |
| Due to banks | | (37,235) | 72,883 |
| Depositors' accounts | | 259,181 | (117,302) |
| Other liabilities | | 3,859 | (2,466) |
| Net cash generated from/ (used in) operating activities | | 208,450 | (118,051) |
| INVESTING ACTIVITIES | | | |
| Purchase of investment securities | | (201,564) | (204,939) |
| Proceeds from sale/redemption of investment securities | | 143,575 | 140,931 |
| Proceeds from sale of investment properties | | 681 | 9,882 |
| Purchase of investment properties | | (21,773) | (5,385) |
| Purchase of property and equipment | | (8,485) | (9,931) |
| Dividend income received | 3 | 1,177 | 560 |
| Net cash used in investing activities | | (86,389) | (68,882) |
| FINANCING ACTIVITIES | | | |
| Profit distribution on perpetual Tier 1 Sukuk | | (3,027) | (3,021) |
| Net movement of non-controlling interest | | (4,399) | 2,309 |
| Medium term financing – Paid | | (76,550) | - |
| Issuance of medium term financing | | - | 152,225 |
| Net movement in medium term financing | | (9,393) | (1,034) |
| Net cash (used in) / generated from financing activities | | (93,369) | 150,479 |
| Net change in cash and cash equivalents | | 28,692 | (36,454) |
| Net foreign exchange difference | | 4,856 | 2,764 |
| Cash and cash equivalents at beginning of the period | | 729,426 | 766,008 |
| Cash and cash equivalents at end of the period | 7 | 762,974 | 732,318 |

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 31 March 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 Articles of Incorporation 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 three months period ended 31 March 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 April 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The 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 three months period ended 31 March 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.

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

For the period from 1 January 2023 to 31 March 2023

3. NET INVESTMENT INCOME

| | Three months ended 31 March | |
|---|--------------------------------|--------------|
| | 2023 | 2022 |
| | KD'000's | KD'000's |
| Dividend income | 1,177 | 560 |
| Net gain from financial assets at fair value through profit or loss | 841 | 558 |
| Net (loss) /gain from sale of debt investments at FVOCI | (221) | 13 |
| Net income from investment properties | 1,502 | 1,075 |
| Share of results of associates | 121 | 36 |
| | 3,420 | 2,242 |

4. PROVISION FOR IMPAIRMENT

| | Three months ended 31 March | |
|---|--------------------------------|--------------|
| | 2023 | 2022 |
| | KD'000's | KD'000's |
| Provision charge for Islamic financing to customers | 11,058 | 9,730 |
| ECL – Other financial assets | (684) | 259 |
| | 10,374 | 9,989 |

5. TAXATION

| | Three months ended 31 March | |
|--|--------------------------------|--------------|
| | 2023 | 2022 |
| | KD'000's | KD'000's |
| Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") | 193 | 159 |
| National Labour Support Tax ("NLST") | 538 | 454 |
| Zakat (Based on Zakat law no: 46/2006) | 216 | 182 |
| Overseas tax | (3,208) | (1,773) |
| | (2,261) | (978) |

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 31 March | |
|---|--------------------------------|------------------|
| | 2023 | 2022 |
| Net profit for the period attributable to the equity holders of the Bank (KD'000) | 20,612 | 16,954 |
| Less: profit payment on Perpetual Tier 1 Sukuk | (3,027) | (3,021) |
| | 17,585 | 13,933 |
| Weighted average number of shares outstanding during the period net of treasury shares (thousands of shares) | 3,962,525 | 3,728,197 |
| Basic and diluted earnings per share attributable to the equity holders of the Bank (fils) | 4.44 | 3.74 |

Earnings per share for the prior period were 4.17 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 31 March 2023

7. CASH AND CASH EQUIVALENTS

| | (Audited) | | |
|--|------------------|---------------------|------------------|
| | 31 March 2023 | 31 December 2022 | 31 March 2022 |
| | KD'000's | KD'000's | KD'000's |
| Cash and balances with banks | 379,448 | 533,183 | 318,968 |
| Placements with banks maturing within seven days | 383,526 | 196,243 | 413,350 |
| | 762,974 | 729,426 | 732,318 |

8. ISLAMIC FINANCING TO CUSTOMERS

| | (Audited) | | |
|--------------------------------|------------------|---------------------|------------------|
| | 31 March 2023 | 31 December 2022 | 31 March 2022 |
| | KD'000's | KD'000's | KD'000's |
| Islamic financing to customers | 6,168,608 | 6,109,384 | 5,847,636 |
| Provision for impairment | (198,237) | (195,866) | (176,965) |
| | 5,970,371 | 5,913,518 | 5,670,671 |

The available provision for impairment on non-cash facilities of **KD 3,870** thousands (31 December 2022: KD 3,894 thousands, 31 March 2022: KD 2,891 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.

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 31 March 2023

8. ISLAMIC FINANCING TO CUSTOMERS (continued)

| | Stage 1 KD'000's | Stage 2 KD'000's | Stage 3 KD'000's | Total KD'000's |
|--|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| 31 March 2023 | | | | |
| Islamic financing to customers | 5,887,374 | 210,745 | 70,489 | 6,168,608 |
| Contingent liabilities (Note 14) | 335,413 | 79,068 | 2,986 | 417,467 |
| Commitments (revocable and irrevocable) to | 1,092,653 | 78,146 | 233 | 1,171,032 |
| 31 December 2022 | | | | |
| 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 | 1,065,810 | 56,583 | 6 | 1,122,399 |
| 31 March 2022 | | | | |
| Islamic financing to customers | 5,550,568 | 237,077 | 59,991 | 5,847,636 |
| Contingent liabilities (Note 14) | 337,694 | 59,945 | 3,492 | 401,131 |
| Commitments (revocable and irrevocable) to | 905,499 | 16,303 | 265 | 922,067 |

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 KD 000's | Stage 2 KD 000's | Stage 3 KD 000's | Total KD 000's |
|---------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| 31 March 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 | (935) | 510 | 425 | - |
| Transfer from Stage 2 | 1,177 | (2,140) | 963 | - |
| Transfer from Stage 3 | 2,127 | 907 | (3,034) | - |
| Additional ECL for the period | (3,676) | (288) | 11,402 | 7,438 |
| Amounts written off and recoveries | - | - | (9,607) | (9,607) |
| Foreign currency translation | 27 | 23 | 136 | 186 |
| At 31 March 2023 | 23,236 | 15,039 | 35,053 | 73,328 |
| 31 March 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 | (1,592) | 412 | 1,180 | - |
| Transfer from Stage 2 | 1,053 | (2,869) | 1,816 | - |
| Transfer from Stage 3 | 359 | 36 | (395) | - |
| Additional ECL for the period | (347) | 1,062 | 4,960 | 5,675 |
| Amounts written off and recoveries | - | - | 1,587 | 1,587 |
| Foreign currency translation | (13) | (32) | (512) | (557) |
| At 31 March 2022 | 21,877 | 13,237 | 35,081 | 70,195 |

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 31 March 2023

9. INVESTMENT SECURITIES

| | (Audited) | | |
|---|----------------|-------------|----------|
| | 31 March | 31 December | 31 March |
| | 2023 | 2022 | 2022 |
| | KD'000's | KD'000's | KD'000's |
| Investment in Sukuk | 677,920 | 609,565 | 542,844 |
| Financial assets at fair value through profit or loss | 127,152 | 134,373 | 141,590 |
| Financial assets at fair value through other comprehensive income | 16,455 | 18,249 | 19,504 |
| Investment in associates | 2,645 | 2,534 | 3,173 |
| | 824,172 | 764,721 | 707,111 |

| | (Audited) | | |
|--|----------------|-------------|----------|
| | 31 March | 31 December | 31 March |
| | 2023 | 2022 | 2022 |
| | KD'000's | KD'000's | KD'000's |
| Investment in Sukuk | | | |
| Investment in Sukuk- FVOCI | 660,156 | 591,893 | 524,522 |
| Investment in Sukuk- FVTPL | 17,764 | 17,672 | 18,322 |
| | 677,920 | 609,565 | 542,844 |
| Financial assets at fair value through profit or loss | | | |
| Investment in unquoted funds | 127,152 | 134,373 | 141,590 |
| | 127,152 | 134,373 | 141,590 |
| Financial assets at fair value through other comprehensive income | | | |
| Investment in unquoted equity securities | 13,517 | 15,310 | 16,486 |
| Investment in quoted equity securities | 2,938 | 2,939 | 3,018 |
| | 16,455 | 18,249 | 19,504 |

10. MEDIUM TERM FINANCING

| | (Audited) | | |
|--|----------------|-------------|----------|
| | 31 March | 31 December | 31 March |
| | 2023 | 2022 | 2022 |
| | KD'000's | KD'000's | KD'000's |
| Global Medium Term Sukuk ("GMTN programme")* | 375,555 | 376,843 | 380,099 |
| Other medium term financing** | 183,990 | 260,786 | 257,590 |
| | 559,545 | 637,629 | 637,689 |

* 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 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 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 5.99% to 6.11% (31 December 2022: 5.28% to 6.15%, 31 March 2022: 1.32% to 1.66%).

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 31 March 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) | | |
|---|---|------------------|---------------|---------------------------|------------------|---------------|---------------|------------------|---------------|
| | 31 March 2023 | 31 December 2022 | 31 March 2022 | 31 March 2023 | 31 December 2022 | 31 March 2022 | 31 March 2023 | 31 December 2022 | 31 March 2022 |
| | | | | | | | KD'000's | KD'000's | KD'000's |
| Islamic financing to customers | 9 | 9 | 10 | 2 | 1 | 1 | 47,390 | 46,828 | 492 |
| Depositors' accounts | 25 | 24 | 20 | 20 | 20 | 22 | 20,791 | 18,311 | 13,354 |
| Letters of guarantee and letters of credit | - | - | - | 1 | 1 | 2 | 13 | 13 | 368 |
| Murabaha and other Islamic financing income | | | | | | | 594 | 1,566 | 11 |
| Finance cost and distribution to depositors | | | | | | | - | (3) | (3) |
| Parent Company | | | | | | | | | |
| Due from banks | | | | | | | 27,754 | 25,810 | 33,684 |
| Due to banks | | | | | | | 7,755 | 20,442 | 36,979 |
| Depositors accounts | | | | | | | 270 | 300 | 561 |
| Murabaha and other Islamic financing income | | | | | | | 333 | 2,277 | 201 |
| Finance cost and distribution to depositors | | | | | | | (133) | (1,002) | (216) |

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

Details of compensation to key management comprise the following:

| | Three months ended 31 March | |
|--------------------------|--------------------------------|--------------|
| | 2023 | 2022 |
| | KD'000's | KD'000's |
| Short-term benefits | 898 | 766 |
| Post-employment benefits | 70 | 97 |
| Deferred compensation | 264 | 221 |
| | 1,232 | 1,084 |

12. TREASURY SHARES

The Bank held the following treasury shares:

| | 31 March 2023 | (Audited) 31 December 2022 | 31 March 2022 |
|--|------------------|----------------------------------|------------------|
| Number of treasury shares | 475,672 | 475,652 | 420,376 |
| Treasury shares as a percentage of total issued shares - % | 0.01272% | 0.01272% | 0.01322% |
| Cost of treasury shares – KD thousand | 54 | 54 | 54 |
| Market value of treasury shares – KD thousand | 306 | 380 | 395 |
| Weighted average of market value per share – KD | 0.731 | 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 |
| Balance at 1 January 2023 | 10,613 | (13,192) | (1,209) | (3,788) |
| Other comprehensive (loss) / income for the period | (3,714) | 176 | - | (3,538) |
| Total comprehensive (loss)/ income for the period | (3,714) | 176 | - | (3,538) |
| Balance at 31 March 2023 | 6,899 | (13,016) | (1,209) | (7,326) |
| Balance at 1 January 2022 | 11,891 | (11,508) | (3,576) | (3,193) |
| Other comprehensive income for the period | 436 | 85 | - | 521 |
| Total comprehensive income for the period | 436 | 85 | - | 521 |
| Balance at 31 March 2022 | 12,327 | (11,423) | (3,576) | (2,672) |

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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:

| | 31 March 2023 | (Audited) 31 December 2022 | 31 March 2022 |
|-----------------------------------|------------------|----------------------------------|------------------|
| | KD'000's | KD'000's | KD'000's |
| Guarantees | 318,930 | 315,593 | 293,516 |
| Acceptances and letters of credit | 98,537 | 91,746 | 107,615 |
| Other commitments | 139,509 | 135,823 | 93,680 |
| | 556,976 | 543,162 | 494,811 |

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 |
| Three months ended 31 March 2023 | | | | | | |
| Net financing income | 24,106 | 8,881 | 2,183 | 4,329 | 263 | 39,762 |
| Operating income/(loss) | 29,487 | 10,745 | 8,136 | 5,379 | (1,186) | 52,561 |
| Net profit/(loss) for the period | 19,434 | 9,753 | 180 | 5,169 | (15,094) | 19,442 |
| Total assets | 2,523,902 | 3,145,202 | 748,626 | 1,515,295 | 97,926 | 8,030,951 |
| Total liabilities | 3,885,304 | 518,453 | 693,846 | 1,494,453 | 473,015 | 7,065,071 |
| Three months ended 31 March 2022 | | | | | | |
| Net financing income | 24,300 | 8,454 | 2,152 | 6,126 | 761 | 41,793 |
| Operating income/(loss) | 25,948 | 10,386 | 7,988 | 7,226 | (1,848) | 49,700 |
| Net profit/(loss) for the period | 15,188 | 9,255 | (1) | 7,029 | (14,449) | 17,022 |
| Total assets | 2,462,263 | 2,825,689 | 784,237 | 1,322,174 | 65,507 | 7,459,870 |
| Total liabilities | 3,374,691 | 363,578 | 744,295 | 1,769,703 | 457,273 | 6,709,540 |

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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 |
| 31 March 2023 | | | | |
| Financial assets at fair value through profit or loss | - | 127,152 | - | 127,152 |
| Investment in Sukuk | 677,920 | - | - | 677,920 |
| Financial assets at fair value through other comprehensive income | 2,938 | - | 13,517 | 16,455 |
| | 680,858 | 127,152 | 13,517 | 821,527 |
| 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 |
| 31 March 2022 | | | | |
| Financial assets at fair value through profit or loss | - | 141,590 | - | 141,590 |
| Investment in Sukuk | 542,844 | - | - | 542,844 |
| Financial assets at fair value through other comprehensive income | 3,018 | - | 16,486 | 19,504 |
| | 545,862 | 141,590 | 16,486 | 703,938 |

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

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

| | At 1 January | Change in fair value | Amortization | Additions/ transfers | Sale/ redemption | Exchange rate movements | At 31 March |
|---|-----------------|-------------------------|--------------|-------------------------|---------------------|----------------------------|----------------|
| | KD'000's | KD'000's | KD'000's | KD'000's | KD'000's | KD'000's | KD'000's |
| 31 March 2023: | | | | | | | |
| Assets measured at fair value | | | | | | | |
| Financial assets at fair value through other comprehensive income | 15,310 | - | - | (1,794) | - | 1 | 13,517 |
| | 15,310 | - | - | (1,794) | - | 1 | 13,517 |
| 31 March 2022: | | | | | | | |
| Assets measured at fair value | | | | | | | |
| Financial assets at fair value through other comprehensive income | 16,600 | - | - | - | (113) | (1) | 16,486 |
| | 16,600 | - | - | - | (113) | (1) | 16,486 |

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:

| | 31 March 2023 | | | 31 December 2022 (Audited) | | | 31 March 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) | 20,716 | (10,682) | 638,513 | 23,776 | (9,773) | 558,354 | 6,773 | (4,619) | 388,726 |
| Cross currency swaps | - | (823) | 136,674 | 340 | (558) | 245,385 | 1,166 | (241) | 535,080 |
| Forward foreign exchange contracts | 6 | (792) | 167,336 | 204 | (480) | 134,730 | 214 | - | 47,853 |
| | 20,722 | (12,297) | 942,523 | 24,320 | (10,811) | 938,469 | 8,153 | (4,860) | 971,659 |

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

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 payable amounting to **KD 22,429 thousand** is included in other liabilities as at 31 March 2023.

The bonus shares will increase 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 will be 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. The Group will perform transition of these contracts to RFRs through bilateral agreements not later than June 2023.

The Group's exposure to financial assets and liabilities that are based on USD LIBOR maturing after June 2023 is **KD 343,779 thousands** and **KD 183,930 thousands** respectively (KD 341,050 thousands and KD 260,355 thousands as at 31 December 2022, KD 398,636 thousands and KD 258,315 thousands as at 31 March 2022).

The Group is in discussion with the counterparties clients to effect an orderly transition of USD exposures to the relevant RFR.

Derivatives held for hedging purposes

The profit rate and cross currency swaps held for hedging purpose have exposure to various IBORs predominantly on USD LIBOR. These swaps are governed by the industry standard International Swaps and Derivatives Association (ISDA) Master Agreements that incorporate by reference the 2006 ISDA definitions. ISDA launched the IBOR fall backs supplement, a supplement to the 2006 ISDA definitions, and the IBOR fall backs protocol. IBOR fall backs protocol will enable adhering parties to amend legacy derivative transactions to include the updated rates and fall backs. The Group will follow IBOR fall backs protocol through adherence to ISDA Benchmark.

The notional value of USD LIBOR derivatives designated as fair value hedges, maturing after June 2023, is **KD 322,436 thousands** as at 31 March 2023 (KD 323,422 thousands as at 31 December 2022, KD 324,907 thousands as at 31 March 2022). The Group has applied the hedging relief available under the amendments to IFRS 9 Financial Instruments relating to profit rate benchmark reforms such as relief on assessment of economic relationship between hedged items and hedging instruments except for the non-USD linked hedging instruments already transitioned to RFR rates.