

Kuwait: 15/07/2019  
Ref: 6261/2019

الكويت: 2019/07/15  
الإشارة: 2019/6261

To: The General Manager  
Boursa Kuwait

المحترم السيد / المدير العام  
شركة بورصة الكويت

Dear Sir,

السلام عليكم ورحمة الله وبركاته وبعد ،،،

**Powerpoint presentation of Q2 Analysts'  
Conference call**

**العرض التقديمي لمؤتمر المحللين للربع الثاني**

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

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

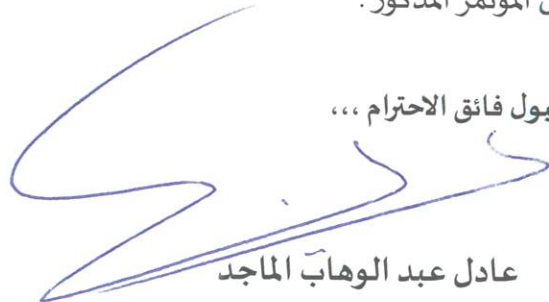
We attach herewith a copy of the PowerPoint presentation for the second quarter 2019 held via Live Webcast at 1:30 pm (Local Time) on Monday, July 15<sup>th</sup> 2019 noting that there were no material information disclosed on the call.

نرفق لكم نسخة من العرض التقديمي لمؤتمر المحللين للربع الثاني لعام 2019 الذي انعقد عن طريق بث مباشر على شبكة الأنترنت (Live Webcast) في تمام الساعة 01:30 (وفق التوقيت المحلي) من بعد ظهر يوم الاثنين الموافق 2019/07/15؛ هذا مع العلم بأنه لم يتم الكشف عن أي معلومة جوهرية تخص البنك خلال المؤتمر المذكور.

Best regards,

وتفضلوا بقبول فائق الاحترام ،،،

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

  
عادل عبد الوهاب الماجد

نائب رئيس مجلس الإدارة والرئيس التنفيذي

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# Boubyan Bank Investors Presentation

Q2 2019 Results – Analyst Call

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## **1** Boubyan's Performance & Strategy – At a glance

**2** Income statement analysis

**3** Balance sheet analysis

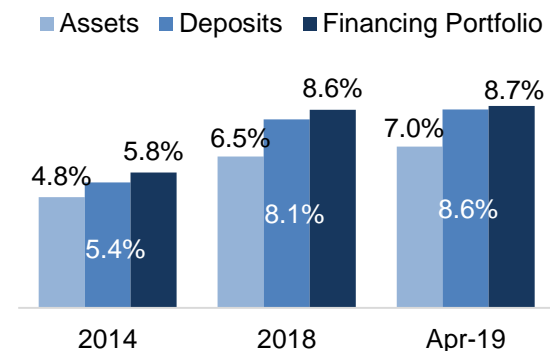
**4** Capitalisation and Leverage

# Financial Highlights

## Financial snapshot

<i>KD million</i>	6M 2019	6M 2018	Growth %
Net Profit to shareholders	<b>28.9</b>	25.7	12%
Operating Income	<b>73.9</b>	70.7	5%
Operating Profit	<b>45.2</b>	42.4	7%
Total Assets	<b>4,793</b>	4,167	15%
Financing Portfolio	<b>3,541</b>	3,132	13%
Customer Deposits	<b>3,981</b>	3,552	12%
Earnings per share (Fils)	<b>9.6</b>	8.7	10%
Book value per share (Fils)	<b>190</b>	131	45%

## Market share



## Key Financial Metrics

	6M 2019	6M 2018	Variance
Return on Average Equity (%)	<b>11.1</b>	12.4	(1.3)
Return on Average Assets (%)	<b>1.3</b>	1.3	-
Cost to Income (%)	<b>38.8</b>	40.0	(1.2)
NPL Ratio (%)	<b>0.9</b>	0.8	0.1
Capital Adequacy Ratio (%)	<b>21.3</b>	18.2	3.1

## Credit Ratings

Rating Agency	Long Term Rating	Outlook	Date
<b>MOODY'S</b>	A3	Stable	Jan 2019
<b>FitchRatings</b>	A+	Stable	Oct 2018

# The Bank's strategy builds on robust domestic foundations

**Scale up the core domestic business**

## Retail Banking

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

## Corporate Banking

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

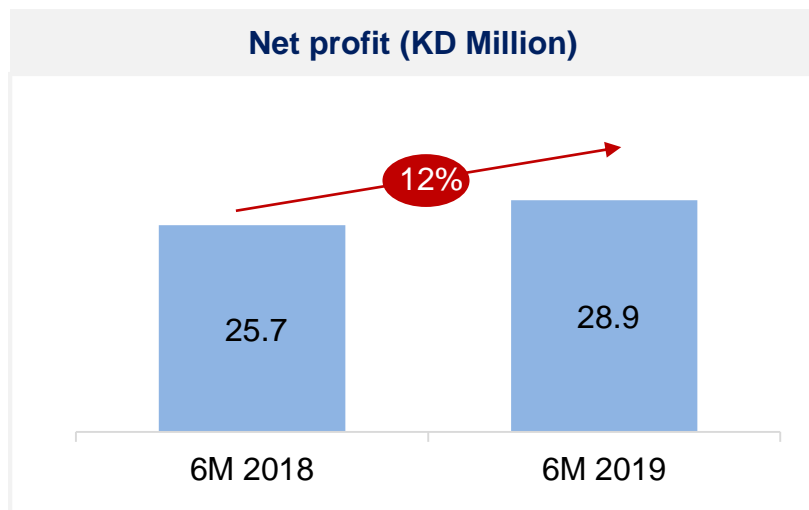
## Private Banking / Wealth Management

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

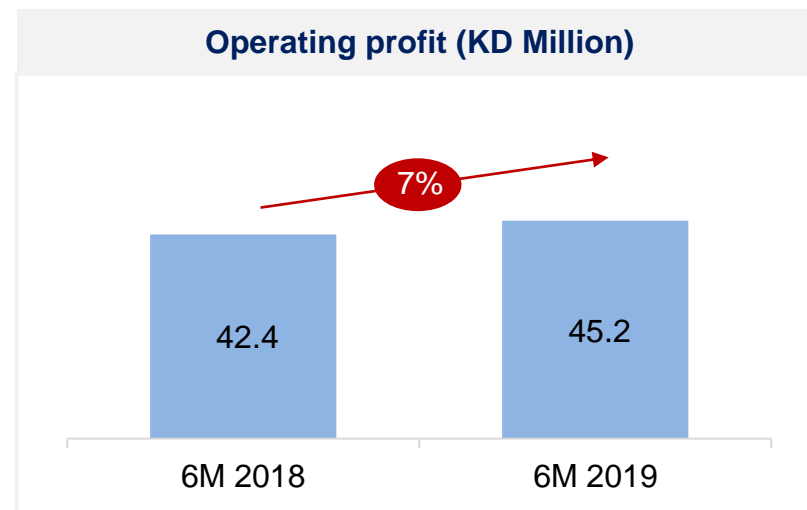
- 1 Boubyan's Performance & Strategy – At a glance
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## Profitability and performance ratio

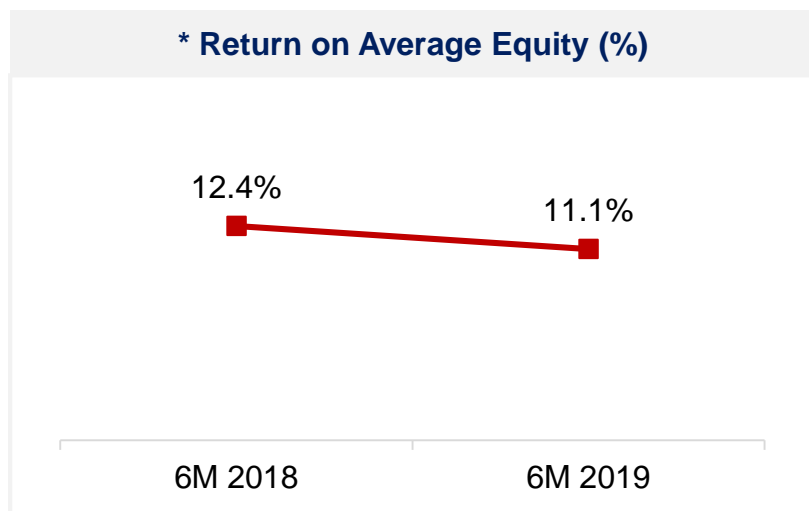
### Net profit (KD Million)



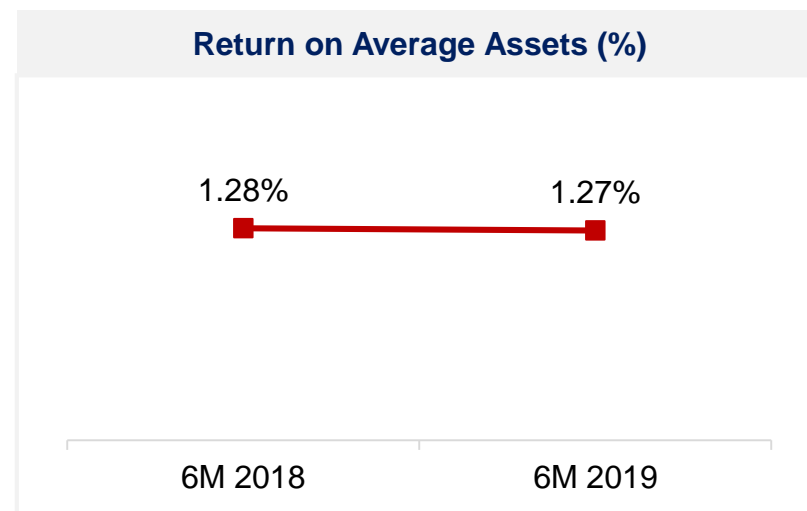
### Operating profit (KD Million)



### \* Return on Average Equity (%)



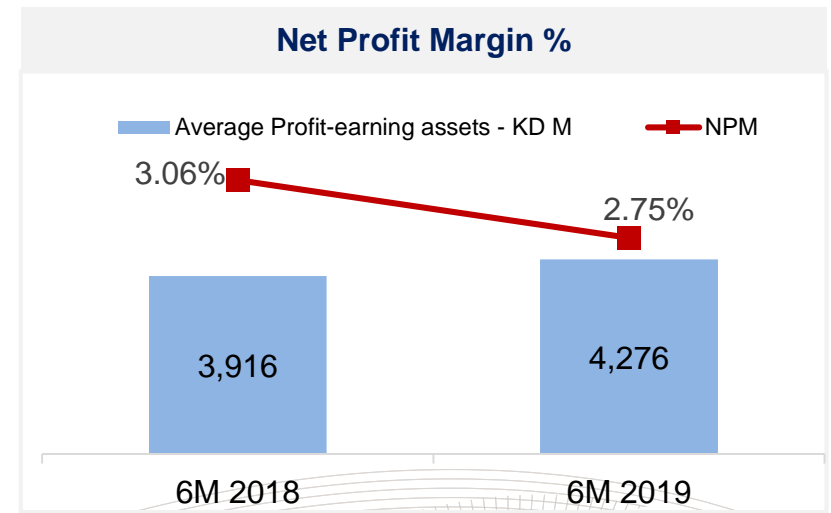
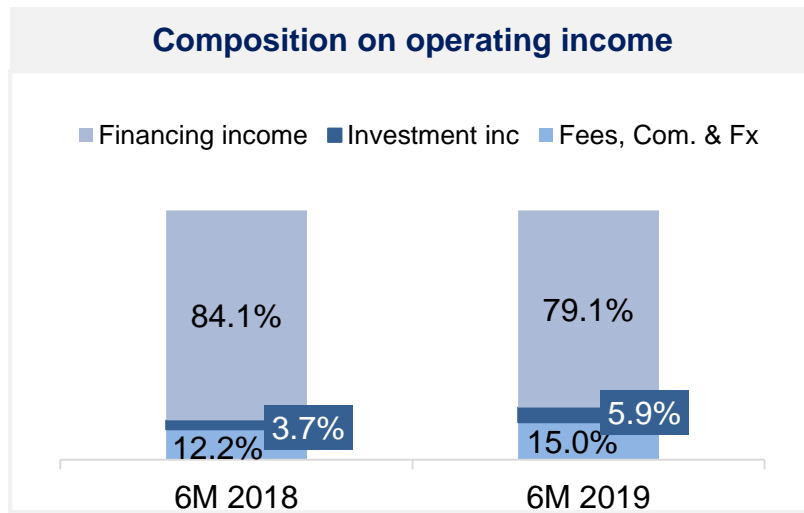
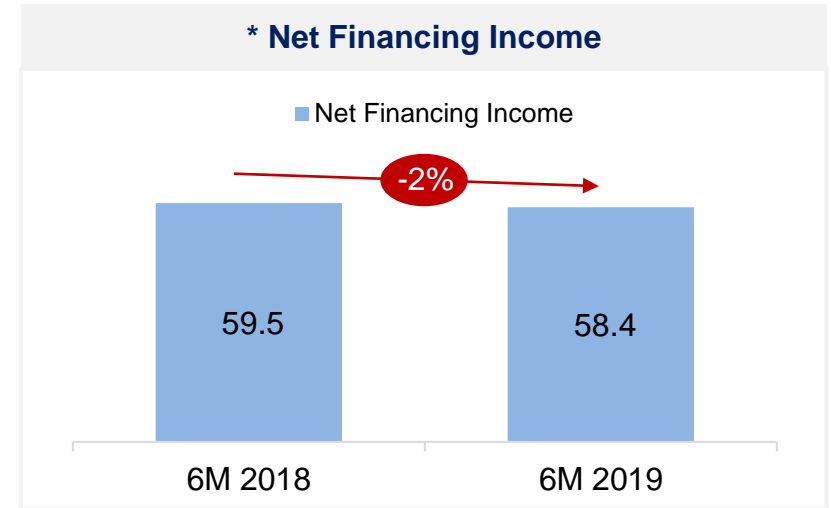
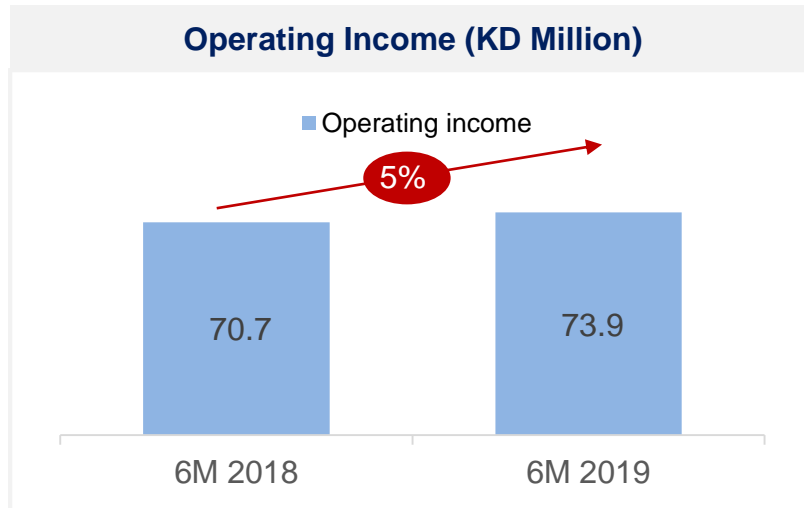
### Return on Average Assets (%)



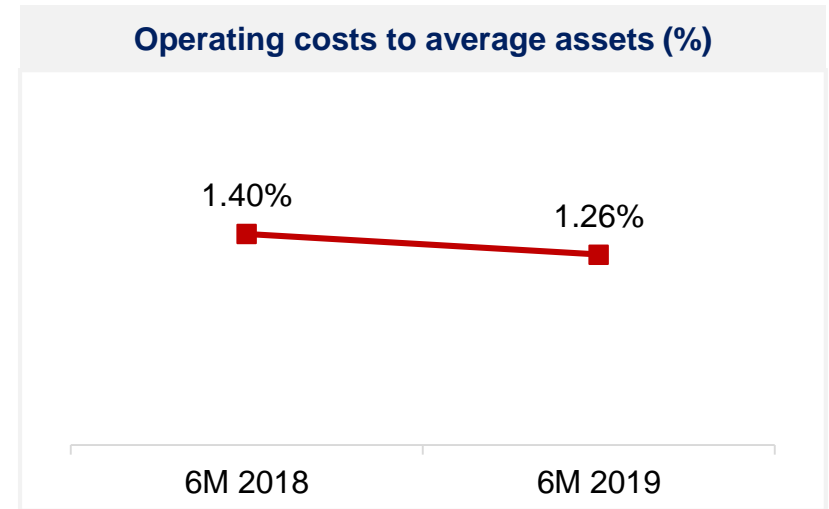
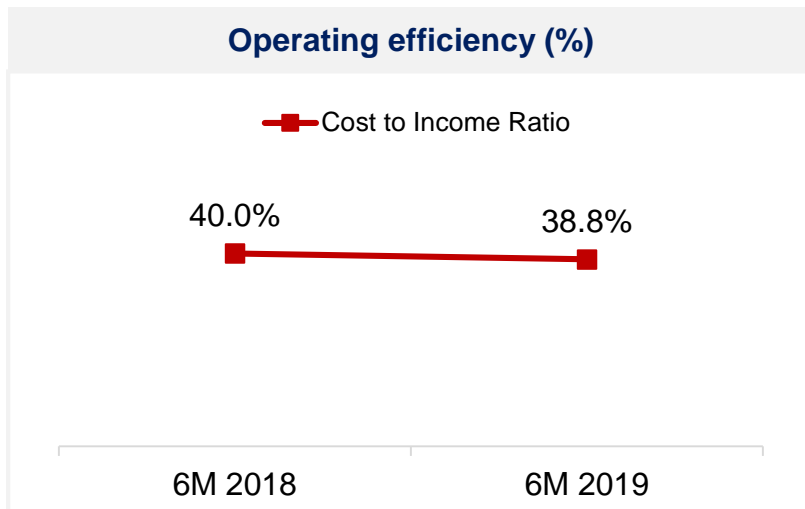
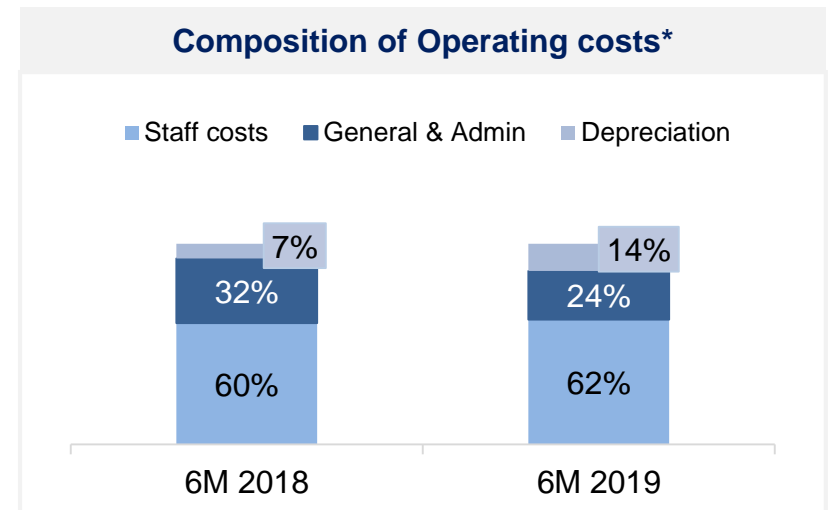
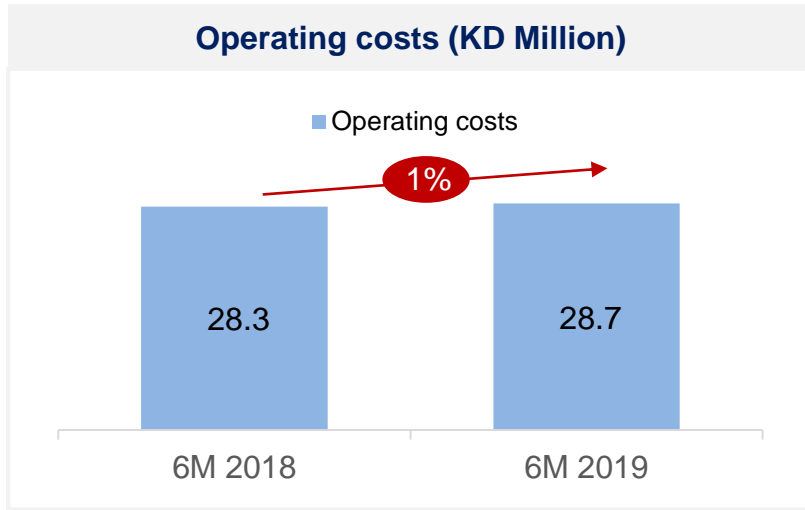
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## Operating income components and Net Profit Margins



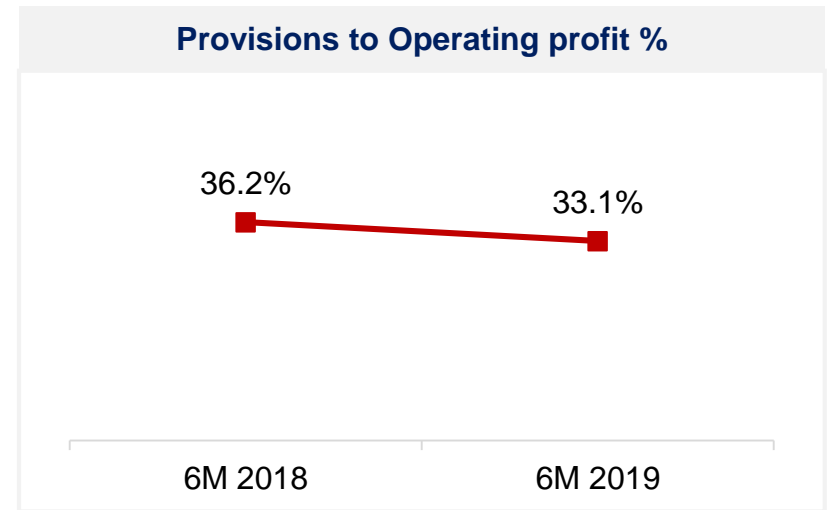
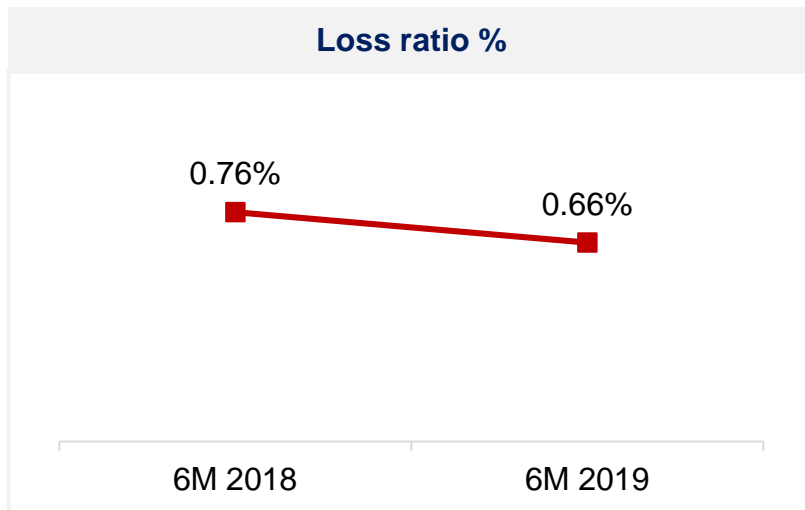
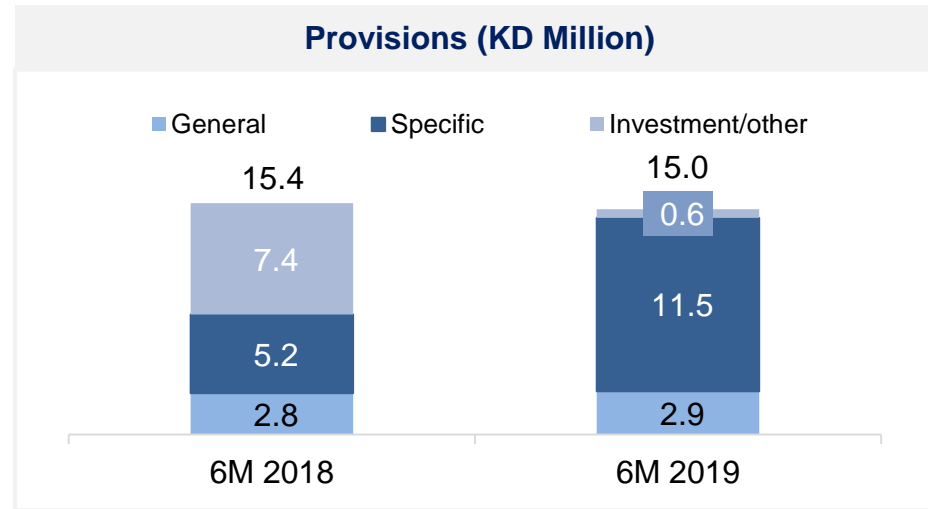
## Operating costs and efficiency



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

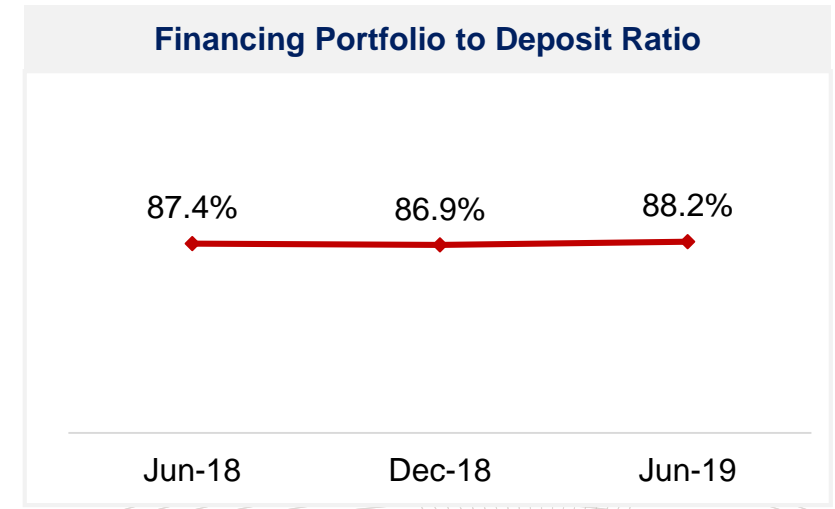
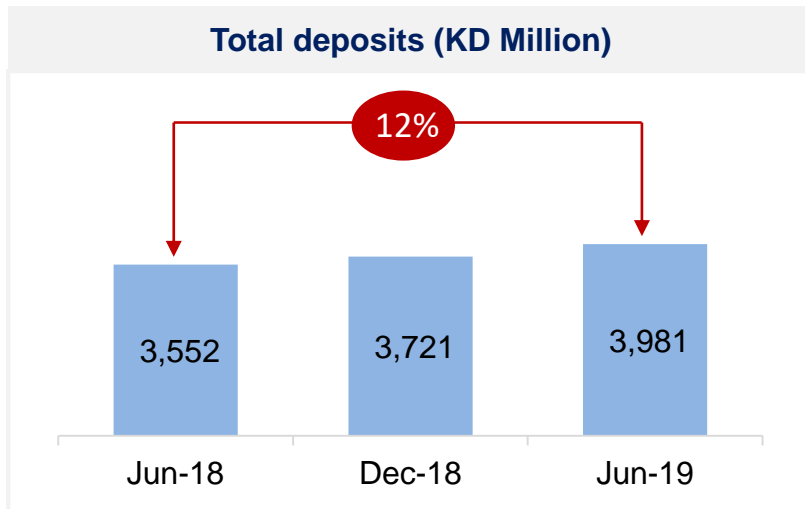
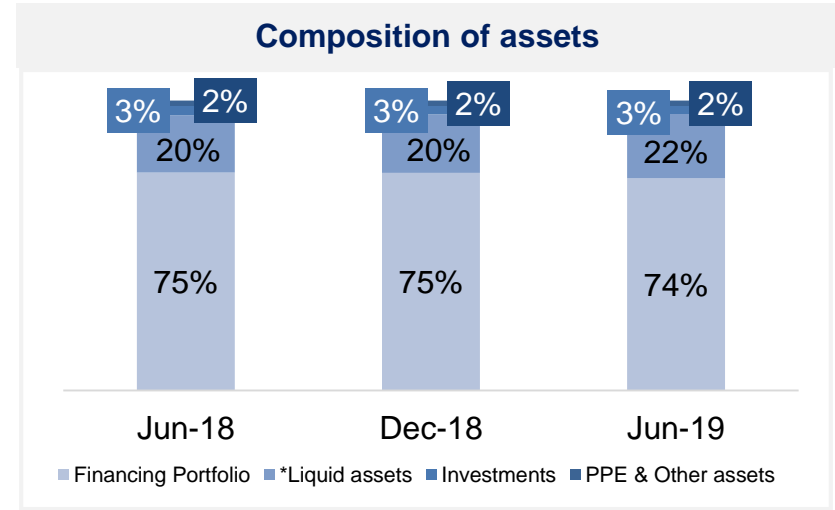
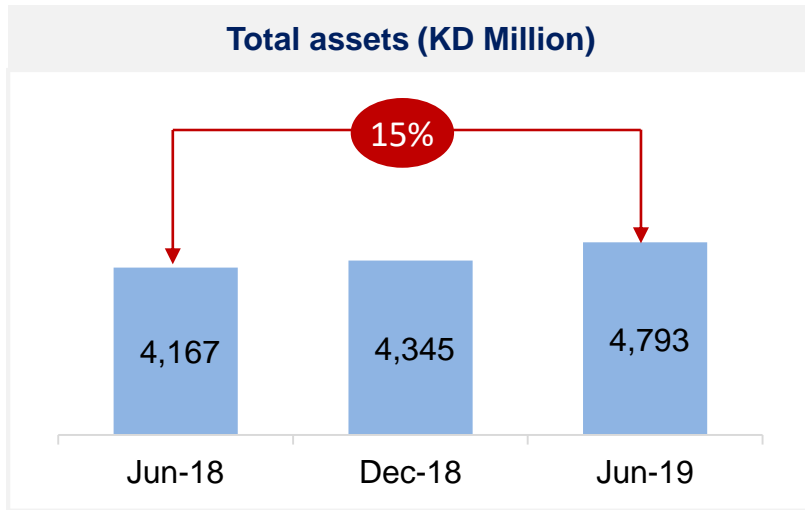
Source: Financial statements, Boubyan analysis

## Provisions and related ratios



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

# Assets and Sources of Funding

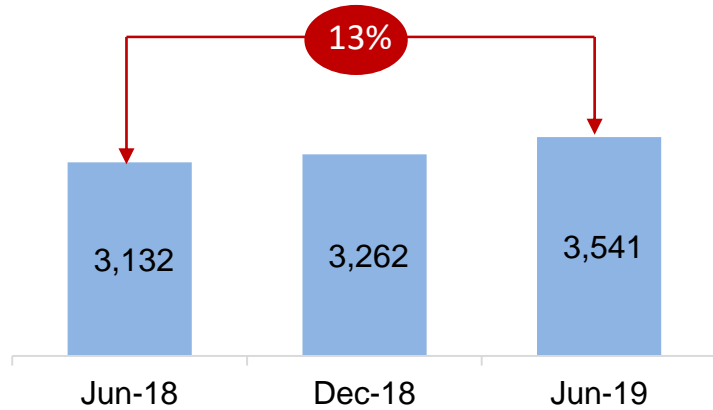


\* Liquid assets include cash and balances with banks, Deposits with CBK, Deposits with other banks and Sukuk Investments

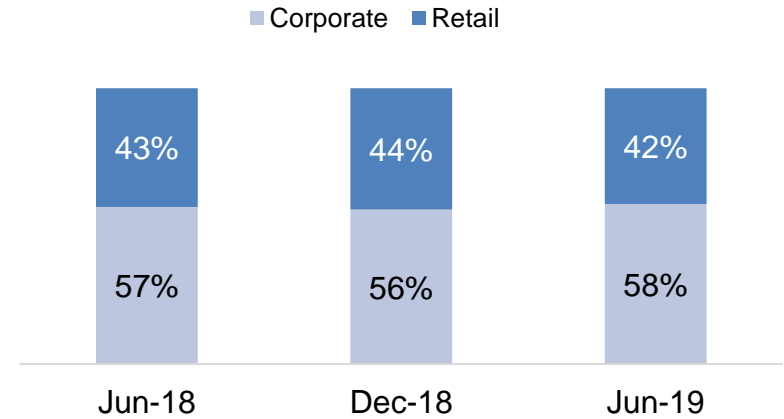
Source: Financial statements, Boubyan analysis

# Financing Portfolio and asset quality

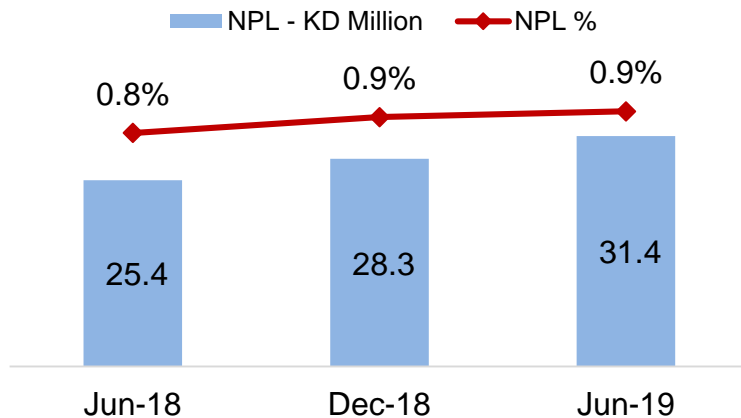
## Financing Portfolio – KD Million



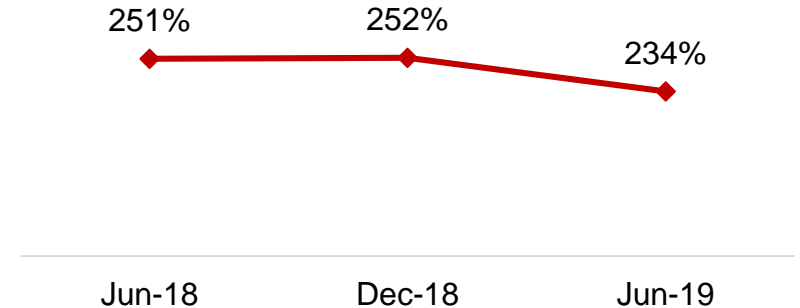
## Composition of Financing Portfolio



## Non performing Financing Portfolio



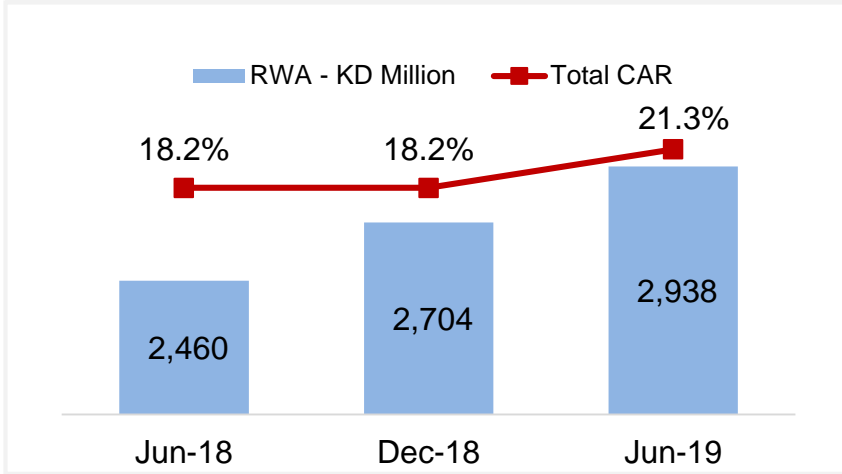
## Loss Coverage ratio



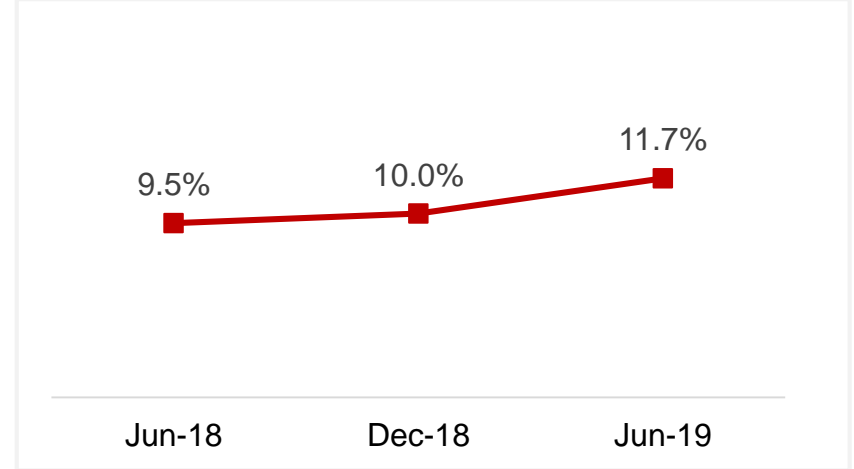
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# Capital Adequacy

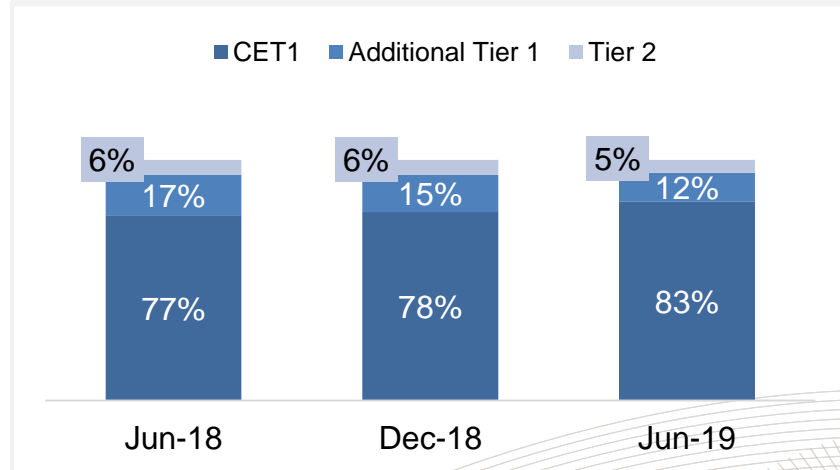
## Capital adequacy ratio



## Leverage ratio



## Composition of regulatory capital





Questions ?

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# Appendix

# Consolidated Financial Statements – 6M 2019

CONSOLIDATED STATEMENT OF INCOME	30-Jun	30-Jun
KD Million	2019	2018
<b>Income</b>		
Islamic financing income	99.8	87.0
Financing cost	(41.4)	(27.5)
<b>Net finance income</b>	<b>58.4</b>	<b>59.5</b>
Net investment income	4.4	2.6
Net fees and commission income	9.3	7.1
Net foreign exchange gain	1.7	1.5
<b>Operating Income</b>	<b>73.9</b>	<b>70.7</b>
<b>Expenses</b>		
Staff cost	(17.8)	(17.1)
General and administrative expenses	(7.0)	(9.1)
Depreciation	(3.9)	(2.1)
<b>Total Expenses</b>	<b>(28.7)</b>	<b>(28.3)</b>
<b>Profit before provision for impairment</b>	<b>45.2</b>	<b>42.4</b>
Provision for impairment	(15.0)	(15.4)
<b>Profit before taxes</b>	<b>30.3</b>	<b>27.0</b>
Taxes and board remuneration	(1.4)	(1.2)
Non-Controlling Interests	(0.0)	(0.1)
<b>Net Profit for the year</b>	<b>28.9</b>	<b>25.7</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30-Jun	30-Jun
KD Million	2019	2018
<b>Assets</b>		
Cash and balances with banks	146	69
Deposits with Central Bank of Kuwait	319	290
Deposits with other banks	218	211
Islamic financing to customers	3,541	3,132
Investments in Sukuks	341	255
Other investment securities	77	59
Investments in associates	31	43
Investment properties	25	29
Other assets	24	24
Property and Equipment	71	55
<b>Total Assets</b>	<b>4,793</b>	<b>4,167</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Due to banks	128	120
Depositors' accounts	3,981	3,552
Other liabilities	57	39
<b>Total liabilities</b>	<b>4,166</b>	<b>3,711</b>
<b>Equity</b>		
Share capital	288	239
Share premium	157	63
Treasury shares	(0)	(1)
Statutory reserve	25	19
Other reserves	20	11
Retained earnings	58	46
<b>Equity attributable to equity holders of the bank</b>	<b>549</b>	<b>378</b>
Perpetual Tier 1 Sukuk	75	75
Non-controlling interest	2	2
<b>Total equity</b>	<b>627</b>	<b>455</b>
<b>Total liabilities and equity</b>	<b>4,793</b>	<b>4,167</b>

# Consolidated Income Statement

KD Million	31-Dec 2018	31-Dec 2017	31-Dec 2016
<b>Income</b>			
Murabaha and other Islamic financing income	182.9	149.4	122.7
Distribution to depositors and Murabaha Cost	(62.6)	(46.0)	(34.2)
<b>Net finance income</b>	<b>120.3</b>	<b>103.5</b>	<b>88.5</b>
Net investment income	1.1	7.9	4.4
Net fees and commissions income	13.4	11.1	9.8
Share of results of associates	1.9	0.6	(1.7)
Net foreign exchange gain	3.0	2.5	2.2
<b>Operating Income</b>	<b>139.7</b>	<b>125.6</b>	<b>103.3</b>
<b>Expenses</b>			
Staff cost	(33.6)	(31.0)	(25.4)
General and administrative expenses	(18.8)	(17.9)	(14.7)
Depreciation and amortization	(4.3)	(3.9)	(3.2)
<b>Total Expenses</b>	<b>(56.8)</b>	<b>(52.9)</b>	<b>(43.4)</b>
<b>Profit before provision for impairment</b>	<b>83.0</b>	<b>72.7</b>	<b>59.9</b>
Provision for impairment	(23.8)	(22.4)	(16.4)
<b>Profit before taxes</b>	<b>59.1</b>	<b>50.3</b>	<b>43.5</b>
Taxes and board remuneration	(2.9)	(2.6)	(2.2)
Non-Controlling Interests	(0.1)	(0.1)	(0.2)
<b>Net Profit for the year</b>	<b>56.1</b>	<b>47.6</b>	<b>41.1</b>

# Consolidated Statement of Financial Position

KD Million	31-Dec 2018	31-Dec 2017	31-Dec 2016
<b>Assets</b>			
Cash and balances with banks	83.8	48.5	36.9
Deposits with Central Bank of Kuwait	244.7	310.4	292.7
Deposits with other banks	237.1	323.9	329.0
Islamic financing to customers	3,262.3	2,876.8	2,516.8
Investments in Sukuks	309.3	180.9	121.3
Other investment securities	73.5	52.4	58.5
Investments in associates	28.9	53.0	62.2
Investment properties	24.0	53.6	24.7
Other assets	24.1	16.6	13.9
Property and Equipment	57.0	54.4	25.8
<b>Total Assets</b>	<b>4,344.8</b>	<b>3,970.4</b>	<b>3,481.8</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Due to banks	97.2	67.5	76.3
Depositors' accounts	3,720.9	3,410.1	2,945.1
Other liabilities	40.7	40.4	37.3
<b>Total liabilities</b>	<b>3,858.8</b>	<b>3,518.0</b>	<b>3,058.7</b>
<b>Equity</b>			
Share capital	238.8	227.5	216.6
Share premium	62.9	62.9	62.9
Proposed bonus share	11.9	11.4	10.8
Treasury shares	(0.6)	(1.1)	(1.4)
Statutory reserve	25.3	19.3	14.3
Voluntary reserve	24.2	18.5	13.7
Share based payment reserve	1.4	1.7	1.5
Fair value reserve	3.5	3.9	3.7
Foreign currency translation reserve	(9.9)	(9.3)	(9.1)
Accumulated retained earnings / (losses)	31.7	24.1	18.9
Proposed cash dividends	19.1	15.9	13.0
<b>Equity attributable to equity holders of the bank</b>	<b>408.3</b>	<b>374.8</b>	<b>345.0</b>
Perpetual Tier 1 Sukuk	75.4	75.4	75.4
Non-controlling interest	2.3	2.2	2.8
<b>Total equity</b>	<b>486.0</b>	<b>452.4</b>	<b>423.2</b>
<b>Total liabilities and equity</b>	<b>4,344.8</b>	<b>3,970.4</b>	<b>3,481.8</b>

Thank you

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