

Kuwait: 20/10/2019
Ref: 7027/2019

الكويت: 2019/10/20
الإشارة: 2019/7027

To: The General Manager
Boursa Kuwait

السيد / المدير العام
المحترم
شركة بورصة الكويت

Dear Sir,

السلام عليكم ورحمة الله وبركاته وبعد،،،

**Minutes of the Analysts' Conference for the
Third Quarter Ending 30 September 2019**

**محضر مؤتمر المحللين المحليين للربع الثالث المنتهي
في 30 سبتمبر 2019**

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 minutes of the Analysts' Conference for the third quarter 2019 held via Live Webcast at 02:00 pm (Local Time) on Tuesday, October 15th 2019 as per the requirements of the said article.

نرفق لكم نسخة عن محضر مؤتمر المحللين للربع الثالث لعام 2019 الذي انعقد عن طريق بث مباشر على شبكة الأنترنت (Live Webcast) في تمام الساعة 02:00 (وفق التوقيت المحلي) من بعد ظهر يوم الثلاثاء الموافق 2019/10/15، وذلك وفقا للمتطلبات الواردة في المادة المشار إليها أعلاه.

Best regards,

وتفضلوا بقبول فائق الاحترام ،،،

AbdulSalam Al Saleh
Deputy Chief Executive Officer

عبد السلام محمد الصالح
نائب الرئيس التنفيذي

P.O.Box 25507
Safat 13116 Kuwait
Tel. (965) 2232 5000
Fax. (965) 2245 4263
Call Center (965) 1 82 00 82
C.R. 104042

ص.ب. 25507
الصفاء 13116 الكويت

bankboubyan.com



نعمل باتقان

د.سبح

Q3 2019 Boubyan Bank KSCP – Earnings Call

Edited transcript of Boubyan Bank earnings conference call that took place on Tuesday 15th October 2019 at 14:00 Kuwait time

Corporate participants:

Mr. AbdulSalam Al-Saleh – Deputy Chief Executive Officer

Mr. Mohamed Ibrahim – General Manager, Financial Control Group

Mr. Omar Bouhafs – Head of Investor Relations

Janany Vamadeva – Arqaam Capital

Janany
Vamadeva:

Good afternoon everyone, and thank you for joining us today. This is Janany Vamadeva and on behalf of Arqaam Capital I'm pleased to welcome you to Boubyan Bank's third quarter 2019 earnings conference call. I have here with me today AbdulSalam Al-Saleh Deputy Chief Executive Officer, Mohamed Ibrahim General Manager Financial Control Group, and Omar Bouhafs, Head of Investor Relations. Without any further delay, I will now turn the call over to Omar.

Omar Bouhafs:

Thanks Janany for the introduction and good afternoon everyone and thank you for joining us today on our third quarter conference call for the 2019 year.

I'd like to commence our call today by reading out a brief disclaimer which you can also find on page 2 of our presentation:

Disclaimer:

Certain statements in this presentation may constitute forward looking statements reflecting the banks expectations. Accordingly, these are subject to risk and uncertainty, which may cause actual results to differ materially from the plans reflected within today's presentation. You are cautioned not to rely on such forward looking statements and the Bank does not assume any obligation to update its views of such risks and uncertainties or to publicly announce any revisions to the forward looking statements made herein

In addition to the disclaimer I've just read, I urge you all to read the full text of our disclaimer on page two of the presentation pack.

Our format for today's call will include:

An overview of Boubyan's performance by Mr. AbdulSalam Al-Saleh, Deputy Chief Executive Officer and followed by a presentation on the Bank's financial performance by Mr. Mohamed Ibrahim, General Manager Financial Control Group.

Following this we will have time for Q&A with attendees today. We will be receiving your questions through the webcast platform, and we will endeavor to answer all of your questions today, however if any questions are left unanswered due to time constraints, or you have any further questions you wish to pose, please feel free to contact us through the Boubyan Investor relations email address, which you can find on our website. Finally, a reminder that you can download the presentation pack through the link on screen.

With that said, I'd like to now hand you over to Mr. AbdulSalam Al-Saleh, our Deputy CEO, to take you through a brief update on Boubyan's performance for the third quarter 2019.

AbdulSalam Al-
Saleh:

Thank you Omar.

Good afternoon Ladies and Gentlemen. Today, I will provide an overview of the Bank's results for the first nine-months of 2019, along with a brief overview of the Bank's strategy and operating environment.

Overall, the Bank has continued its growth across all business lines, with strong financial results and achievement across all key performance indicators.

Our net profit for the first nine months grew 12% to reach KD 45.2 million, with an earnings per share of 15.25 fils.

As you will see, throughout this presentation, we had very solid growth in our core business. Our financing portfolio increased by 14% year on year to reach KD 3.6 billion. This was driven by the growth in consumer and corporate financings of 11 and 16% respectively. Customer deposits grew by 14% year on year to reach KD 4.1 Billion.

Additionally, our market share in total financing grew to around 9.2% in August 2019 compared to 8.4% at the same time last year.

You may recall in May, the bank successfully completed a capital increase of KD132 million via a rights-issue. This has strengthened our capital base, as evident in our increased Capital Adequacy of 20.4%, which we believe will support our future growth.

This year marks the Bank's 10-year milestone since the start of our transformation back in 2009, under the Boubyan 2020 strategy. We attribute the bank's success to the implementation of this strategy, which focuses on local market growth, offering new and innovative products and services and increasing our customer satisfaction.

Furthermore, this quarter has been quite remarkable owing to the number of awards received by the bank, including being named Best Islamic Digital Bank in the Middle East by Global Finance along with four other awards including Best Mobile Banking application in Kuwait. The Bank was also proud to be awarded the Best Social Humanitarian Initiative in the GCC for its Noor Boubyan program for eyesight-restoration in Africa.

With regard to ratings, our overall credit ratings were A3 and A+ with stable outlooks from Moody's and Fitch respectively.

Regarding our operating environment, we believe Kuwait to be fiscally well positioned with the substantial buffers and strong sovereign ratings; creating room for investment spending should any oil price fluctuations occur or any further signs of softening in the global economy.

Domestically, project awards have been quite positive in Q3, reaching approximately KD 1.5 billion in the first two months of the quarter. Additionally with the Central Bank's easing of the maximum borrowing limit for consumer loans in late 2018 to KD 25,000, we've seen strong growth of 24% in July year-on-year, a 5-year high. Consistent with the growth in consumer loans, we see encouraging growth in consumer spending by approximately 3% from last year.

This is an overview about Boubyan and our major achievements. Now, Mohamed will take you through the Bank's financial performance in more detail.

Mohamed Ibrahim: Thank you Mr. Abdulsalam and Good afternoon everyone. It is my pleasure to take you through our financial results for the first nine-months of 2019.

As highlighted by Mr. Abdulsalam, the Bank has continued its double-digit growth in profitability.

As you can see on the top left of Page 7, the bank reported a 12% increase in net profit, reaching KD 45 million during the first three quarters of 2019, with an earnings per share of 15.25 fils.

This was driven in part by the growth in operating profit, which grew by 3% to KD 65 million as shown on the top right chart. This is a result of 4% or KD 5 million increase in operating income, which we will detail further in the next section of the presentation.

The bank's return on average equity remained above the industry average at 11.4% in spite of the bank's greater capital base after the 15% rights issuance in May of KD 132 million.

Meanwhile our return on average assets has remained stable at 1.29% over the comparable period in 2018.

Now moving to the operating income components on Page 8, we can see that Operating income reached KD 109 million, an increase of 4%. The main driver for this is the growth in net fees and commission income and investment income.

As you can see on the top right chart, the Bank's net financing income declined by 3%, to KD 88 million despite the increase in the average balance of profit-earning assets by 11% over the same period last year, as shown in the bottom right chart. However, the net profit margin has decreased to 2.69%.

This decrease is a result of the funding cost increase due to the lagging effect of increases in repo rate 100 basis points consistent with the US Fed increases, while raising the discount rate 25bps through 2018.

While the Fed has since reduced its benchmark rate twice in recent months, we are monitoring CBK direction in rates to be able to give guidance.

We will now look at the non-financing income for the first nine months of 2019.

Fees, commissions and FX income grew by 21% to KD 12.8 million which contributed well to the growth in operating income. This was mainly driven by the growth in non-cash business, assets under management and banking service fees. Reflecting the increase in the corporate and retail customers' base. The percentage of fees and commission income to total operating income increased to 15% from 12% in the same period last year.

Q3 2019 also witnessed a growth in the investment income mainly due to better performance of our investments, in addition to KD 1 million in non-recurring items.

Now, we will move to slide 9 and discuss the growth in operating expenses. Our operating expenses grew at 6%. The increase is mainly to support business growth and fund strategic initiatives of the bank. Our cost to income ratio was 40.4% with cost to average assets at 1.26%.

The overall composition of operating costs remains fairly consistent with that of last year with staff costs the predominate expense, and noting that the increase in depreciation and decrease in G&A is a result of the lease asset depreciation under the new IFRS 16 standard.

We will now move onto provisions on slide 10, where we can see that the total impairment provision for Q3 2019 was KD 17.9 million which was mainly financing related. The bank continues to maintain its prudent provisioning to maintain the quality of assets and strengthening the balance sheet with a the loss ratio at around 0.5% and total provisions to operating profit at around 27.5%.

I would like to highlight that IFRS 9 provision was lower than the provision as per CBK at Q3 2019 by approximately KD 18 million.

Now moving on to slide 12 let us look at our Balance sheet.

Overall, our total assets grew by 18% Year on Year. This increase was mainly driven by the 14% growth in the financing portfolio that dominates the balance sheet composition and represents 72% of total assets.

Liquid assets to total assets ratio was maintained at a comfortable level of around 23%. In general, the composition of total assets is broadly consistent to that of 2018.

Customer deposits also increased by 14% Year on Year. This growth is mainly from retail deposits. The YoY growth in core retail deposits which is well diversified and more stable in nature was around KD 484 Million or 22% growth which is well encouraging and thereby reducing our dependency on wholesale deposits. Retail deposits represents around 65% of the total deposits. The Bank's CASA ratio grew to 30%, from 27% in the comparative period last year. This of course reflects the Bank's strong brand recognition and successful implementation of our strategy based on superior customer service and innovative products.

The bank has maintained its loan to deposit ratio at a comfortable level of approximately 88% compared to the regulatory maximum of 90%.

We now move on to slide 13 to discuss the performance of our financing portfolio. Our net financing portfolio grew by KD 444 Million Year on Year or 14% against a broader market growth of less than 6%.

Corporate financing grew by KD 298 Million or 16% and retail financing grew by KD 149 Million or 11%. Retail financing at 42% of total financing portfolio remains as one of the highest ratios in the market.

Boubyan's NPL ratio continues to be stable at around 0.88% which remains one of lowest in the industry.

Our Loss coverage ratio is 220% which is also one of the highest in the industry.

We now move on to our last section on Capital Ratios on page 15.

The Bank's capital adequacy ratio rose to 20.4% as a result of the Banks rights-issuance mentioned earlier, well above the regulatory minimum of 13.5%.

Risk Weighted Assets reported a Year on Year growth of 26% which is primarily driven by asset growth of 18%, and other regulatory adjustments.

Regulatory capital mainly comprises of Common Equity Tier 1 which represents 82% of the total capital, an increase from 2018 as a result of the rights-issuance, followed by additional Tier 1 at 12% which is comprised of Boubyan Sukuk issued in May 2016.

The leverage ratio was 11.2% which is broadly in line with the market and well above the regulatory minimum of 3%.

With this I would like to conclude my briefing on the financial performance for Q3 2019 and thank you for your attendance. Now, I would like to handover to the operator for the Q&A session.

Janany Vamadeva: Thank you. We will now start our Q&A session. Ladies and gentlemen, if you wish to participate in our written Q&A please type your question Into Ask a Question text area. Then click the submit button. Thank you for holding.

Omar Bouhafs Ok, our first question is asking if we can throw some more colour on margins, cost of funds and cost of risk, and share our outlook for the remainder of the financial year 2019.

Mohamed Ibrahim As I mentioned before, our margins for the first nine months was 2.69%, we expect to close the year at around 2.65%, very close to the Q3 number. Regarding the cost-of-risk, currently we closed the first nine months at 50 bps, our guidance for the cost of risk for year-end should be in the 50-60bps range.

Omar Bouhafs: Ok, our next question asks, can you talk briefly, about what drove the sharp fall in NIMs and our outlook over the near-term?

Mohamed Ibrahim: As I mentioned, our net profit margin decreased from 3 percent last year, the reason as I mentioned was relating to the increase in the cost of funds due to the lagging impact of rate increases in 2018, impacting in 2019. As I mentioned the REPO rate by the Central Bank increased by 100 bps while the discount rate, which is the benchmark for pricing our assets increased by only 25bps, this resulted in a decrease in margins for all Kuwaiti banks including Boubyan.

Omar Bouhafs: Ok, we have a few questions on cost to income ratio in specific what's our target cost-to-income ratio and what's our expectation for the cost to income ratio for the next 18-24 months?

Mohamed Ibrahim: Currently, our cost-to-income ratio is at 40%, we expect to close the year of 2019 at approximately the same level as 2018 at 41%

For 2020, currently we believe we can lower this to 40%, however for the next 24-36 months we believe we can achieve a reduction in this ratio

and we aspire to reach the industry average of 37% over the next 36 months.

Omar Bouhafs: Ok, our next question is what is the outlook on the cost of risk and how much have non-performing assets changed since December 2018?

Mohamed Ibrahim: Our outlook for the cost of risk is between 50-60 bps. The non-performing assets as a percentage of the financing portfolio was maintained at 0.9%. In terms of absolute value, I do not believe the amount increased materially.

Omar Bouhafs: Ok, our next question. What is the impact of declining policy rates on bank's net financing margins?

Mohamed Ibrahim: As we mentioned before, we noted that for a two-side increase or two-sided decrease in rates, that our margin would remain stable with a very small fluctuation, but broadly would remain stable. However if we notice a one-side decrease in REPO rate with maintaining the discount rate, which is opposite of what occurred in the previous period, this would be positive to our margin by approximately 10 bps. And visa-versa, if we see a decline in the discount rate without a decline in the REPO rate this would be negative by approximately 10 bps.

Omar Bouhafs: Ok, our next question is would the bank be able to maintain its mid-to-high teens growth in assets over the next 3 years?

Mohamed Ibrahim: I would like to make it clear that asset growth for 2019 was 18%. This was mainly driven by the 14% growth in our financing portfolio as well as the impact of our capital increase, which also increased our liquid assets contributing to the increase in our asset growth.

We aspire over the coming two years to maintain the asset growth in the range of 12-14%, and this is considering the business pipeline that we expect to occur for this period.

Omar Bouhafs: Ok, our next question is what is your outlook on margins given the tight liquidity in the system and in light of the Fed rate decline? I think we have already addressed that question. So the following question is what drove the decline in provisions in Q3?

Mohamed Ibrahim: Regarding the provisions for the third quarter, we noticed some decline, however there was no specific reason for Q3. We believe that this averages out across all quarters and 50-60 bps should be the standard range.

Omar Bouhafs: Ok our next question is what is the CASA ratio as at September?

Mohamed Ibrahim: Currently the CASA is 30%, however I just want to make it clear that it was 30% at the end of the quarter, however we operate on a daily basis in the range of 28-29% and this is the sustainable range we operate on.

Omar Bouhafs: Ok our next question is regarding the NPL having ratio remained broadly stable, the absolute amounts have increased YTD. From which sector to you see the formation and do we expect to see a similar trend in 4Q19?

Mohamed Ibrahim: Yes our NPL ratio is stable at 88 bps, we expect to close the year at a similar range. We usually have an internal limit to maintain the NPL at below 1%. This is depending on our underwriting criteria and the current asset quality.

I can also add to this regarding the sectors and if we have any concentration, that no, our NPL is diversified across all sectors and we don't have any specific sector dominating our NPL.

Omar Bouhafs: Ok our next question is asking are you more optimistic for balance sheet and profit growth for 2020 compared to 2019?

Mohamed Ibrahim: As I mentioned, our aspiration for 2020 is to maintain the outstanding growth we noticed in 2019. Our financing portfolio grew by 14%, which is more than 3 times the market growth. We aspire to maintain 2020 growth in the financial portfolio in the range of 12-14%. Similarly, with the net profit we aspire to maintain a similar range of 12-14% growth in 2020.

Omar Bouhafs: Ok, our next question is asking what are the drivers of the 12-14% asset growth in the next 2 years? Would any particular sector to play a role?

Mohamed Ibrahim: Regarding the asset growth of 12-14%, this number was estimated based on our run rate for customer acquisition as well as increasing the relationship with the existing customers.

Regarding the sectors as we saw in previous years, we have balanced the growth between corporate and retail. Currently retail represents 42% of our financing portfolio, and we expect this to be maintained.

For corporate, our growth is usually diversified across all sectors. We leverage governmental expenditures and relationships with trading, manufacturing, real estate and construction customers, and this should continue going forward.

Omar Bouhafs: Ok our next question is on our dividend policy and if there's any expected change to it?

Mohamed Ibrahim: Our dividends policy as we speak is one-third of our annual profit. We currently don't have any decision to change this.

Omar Bouhafs: Ok our next question is can you give some guidance on fee income growth outlook?

Mohamed Ibrahim: The guidance is to maintain the growth in fee income consistent with our business growth or our financing portfolio growth, which is in the range of 12-14%.

Omar Bouhafs: Ok next question is asking if we could repeat what was said on dividends? That is the dividends policy and any expected change to the dividends policy.

Mohamed Ibrahim: Currently the dividends policy is to distribute one-third of our annual profit and to allow profit retention for future growth. So far, we don't have any plans to change the dividends policy.

Omar Bouhafs:

So given there are no further questions remaining, so we'd like to thank you all for your attendance today and remind you that should you wish to ask any follow up questions you may do so via the investor relations email address listed on our website. Thank you.

Boubyan Bank Investors Presentation

Q3 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

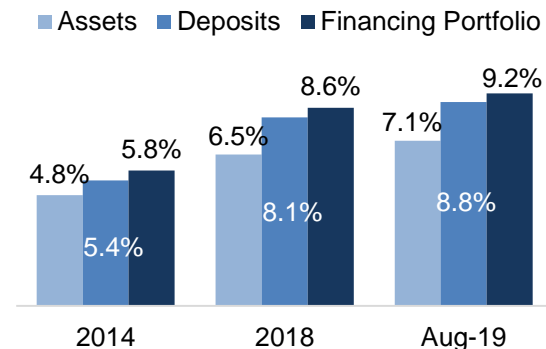
Financial snapshot

<i>KD million</i>	9M 2019	9M 2018	Growth %
Net Profit to shareholders	45.2	40.3	12%
Operating Income	109.4	104.9	4%
Operating Profit	65.2	63.4	3%
Total Assets	5,033	4,253	18%
Financing Portfolio	3,637	3,193	14%
Customer Deposits	4,102	3,594	14%
Earnings per share (Fils)	15.25	14.20	7%
Book value per share (Fils)	197	166	19%

Key Financial Metrics

	9M 2019	9M 2018	Variance
Return on Average Equity (%)	11.4	12.7	(1.3)
Return on Average Assets (%)	1.3	1.3	-
Cost to Income (%)	40.4	39.6	0.8
NPL Ratio (%)	0.9	0.8	0.1
Capital Adequacy Ratio (%)	20.4	18.4	2.0

Market share



Credit Ratings

Rating Agency	Long Term Rating	Outlook	Date
MOODY's	A3	Stable	Jan 2019
FitchRatings	A+	Stable	Oct 2019

The Bank's strategy builds on robust domestic foundations

Strategic objectives

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

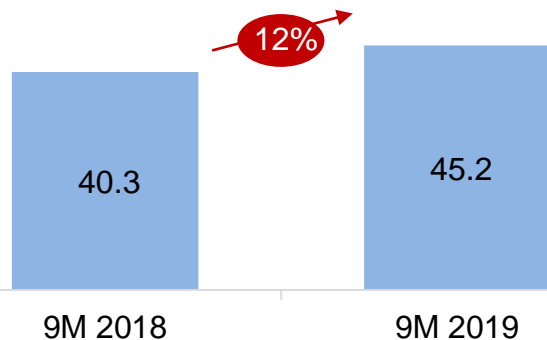
Private Banking / Wealth Management

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

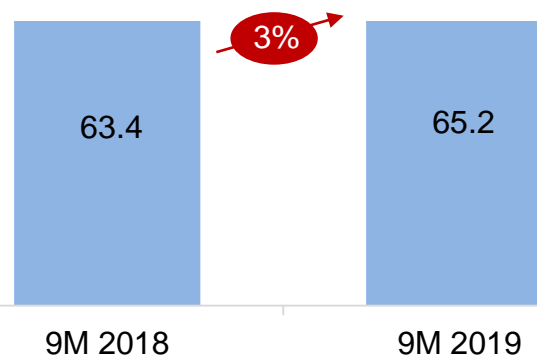
- 1 Boubyan's Performance & Strategy – At a glance
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Profitability and performance ratio

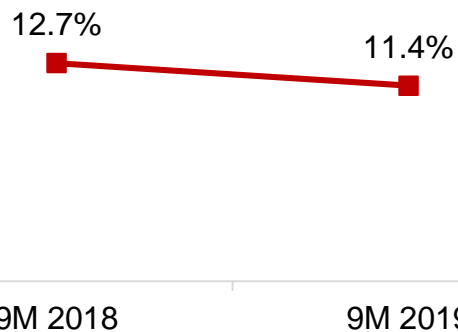
Net profit (KD Million)



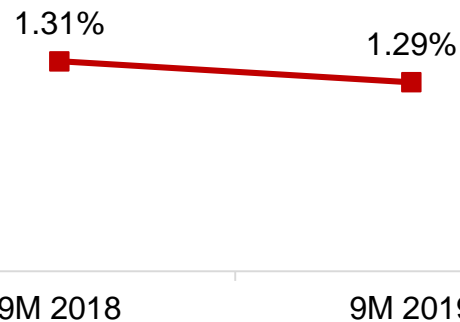
Operating profit (KD Million)



* Return on Average Equity (%)

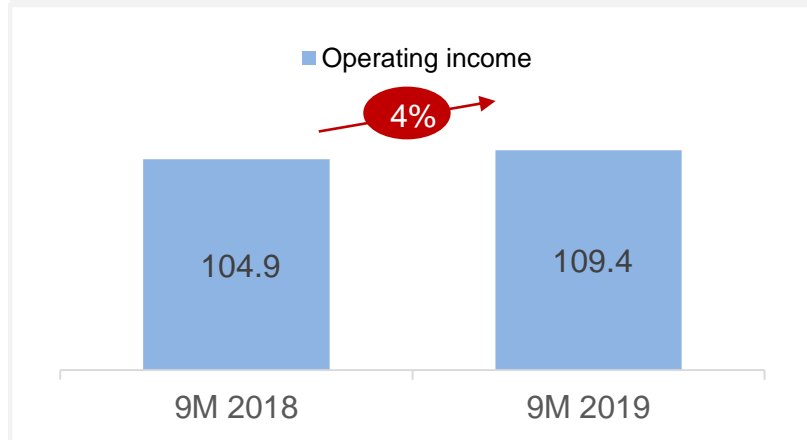


Return on Average Assets (%)

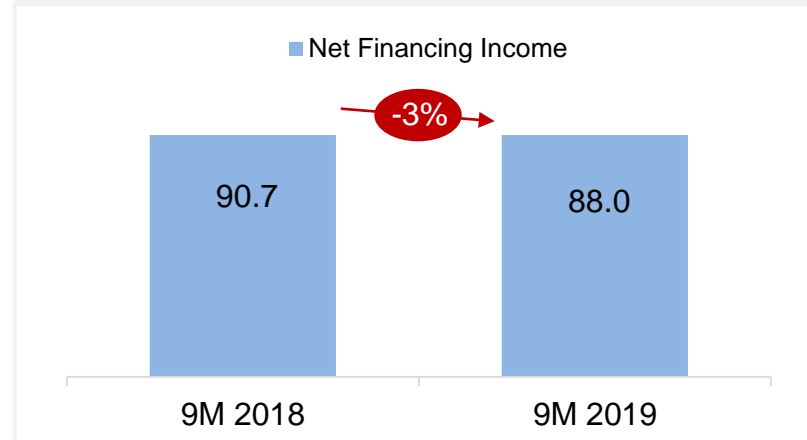


Operating income components and Net Profit Margins

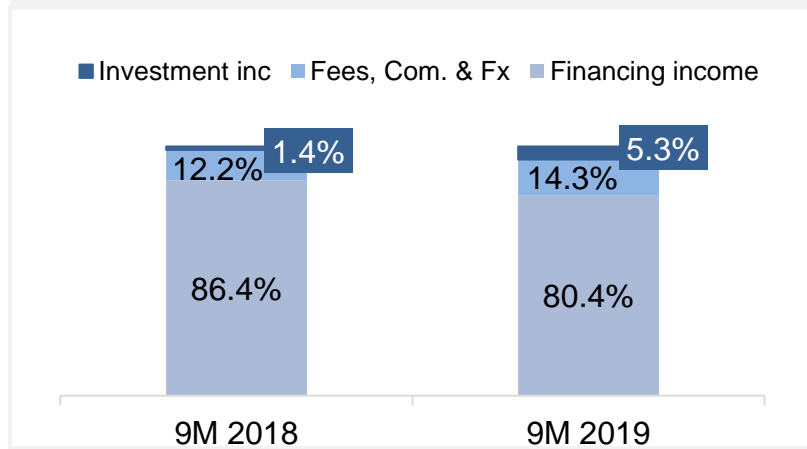
Operating Income (KD Million)



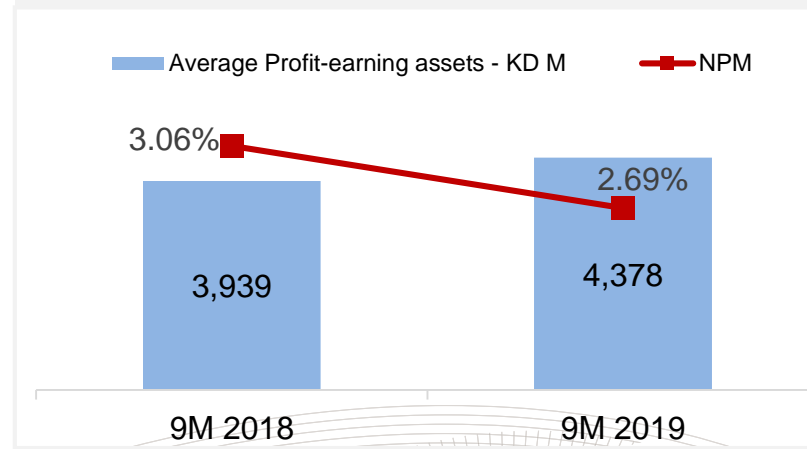
* Net Financing Income



Composition on operating income



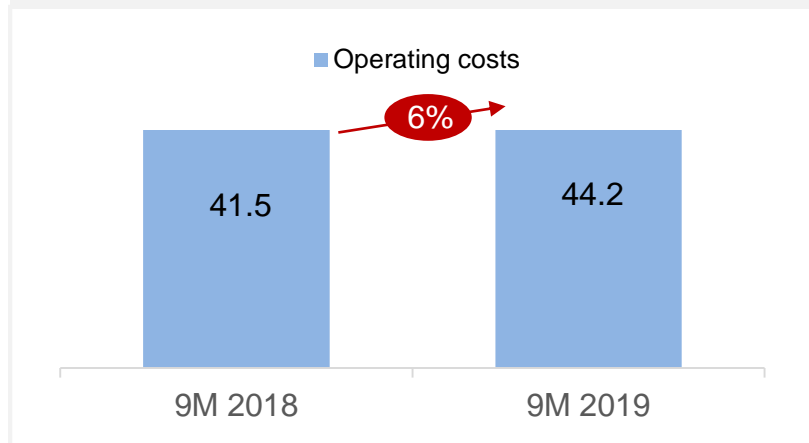
Net Profit Margin %



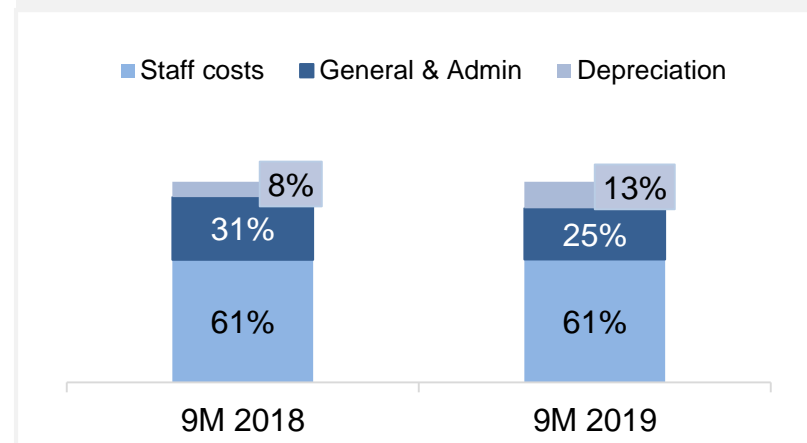
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Operating costs and efficiency

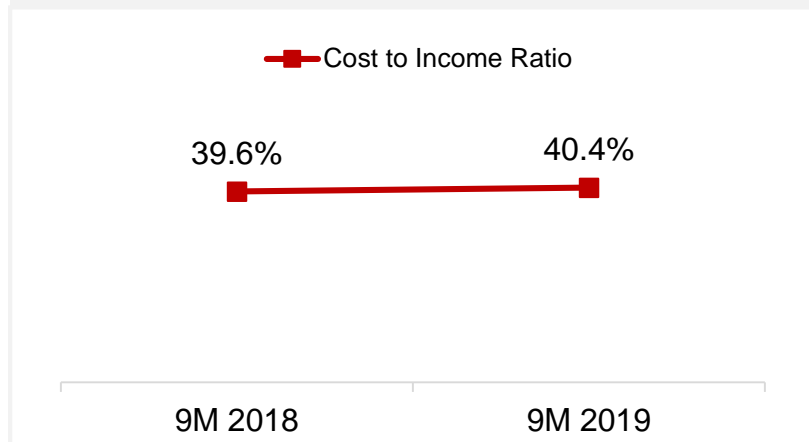
Operating costs (KD Million)



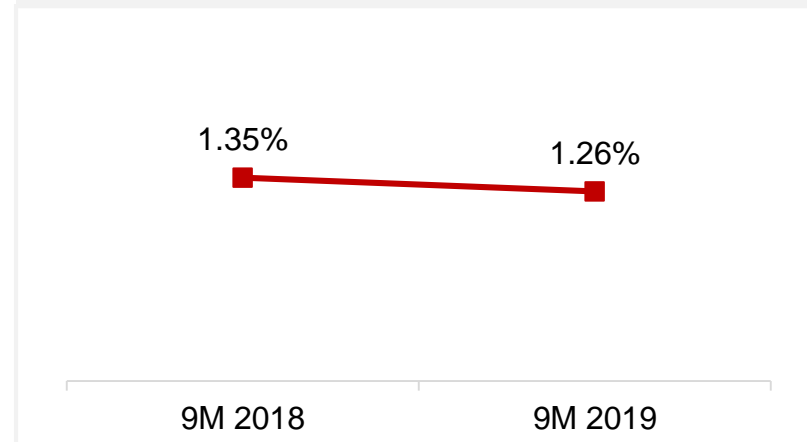
Composition of Operating costs*



Operating efficiency (%)



Operating costs to average assets (%)

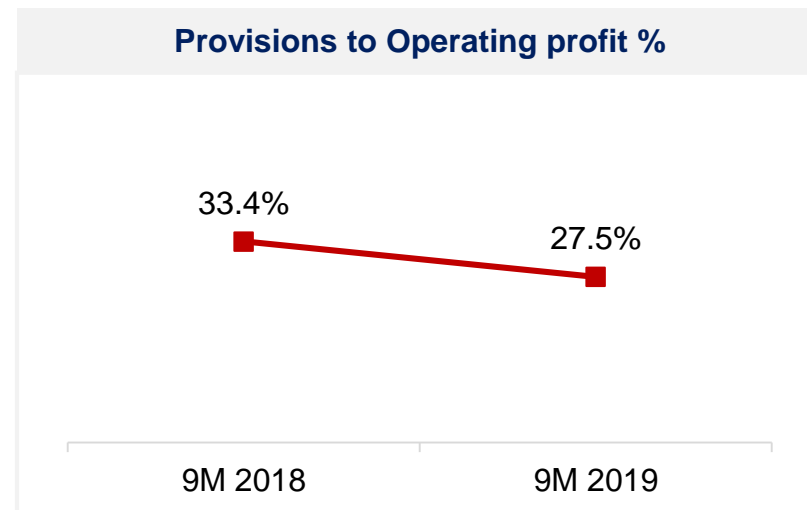
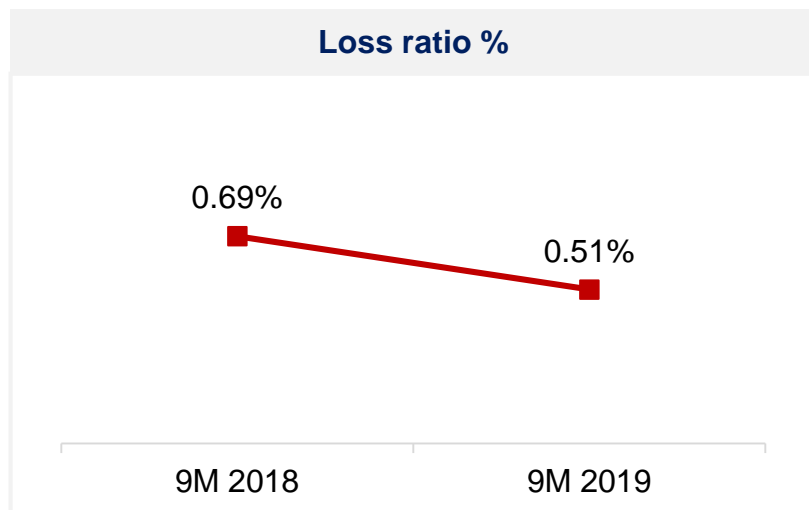
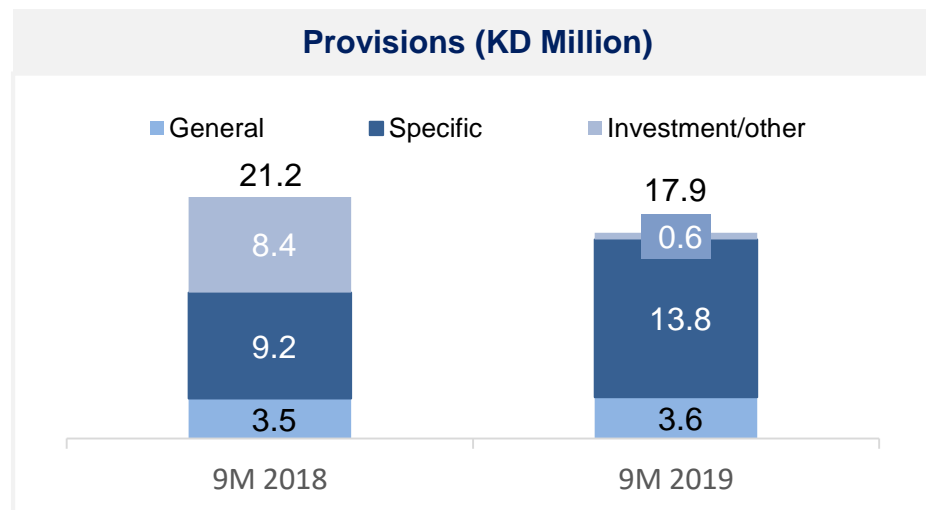


* Operating cost composition reflects application of IFRS16 leases, applied prospectively from 1 January 2019

Source: Financial statements, Boubyan analysis

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Provisions and related ratios

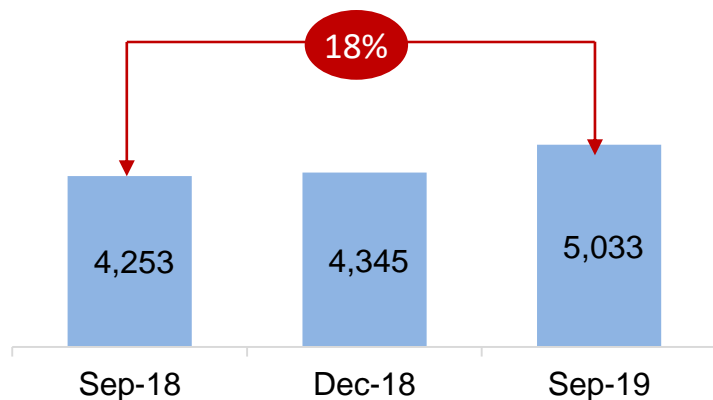


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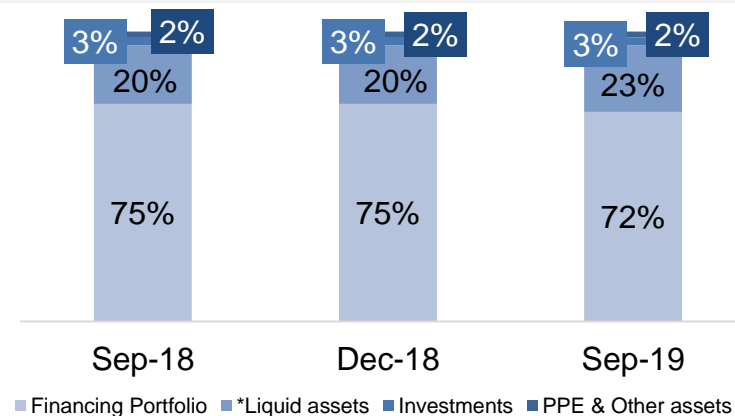
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- 4 Capitalisation and Leverage

Assets and Sources of Funding

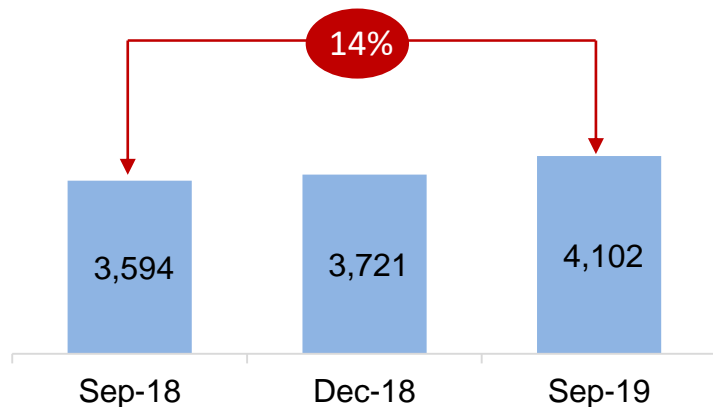
Total assets (KD Million)



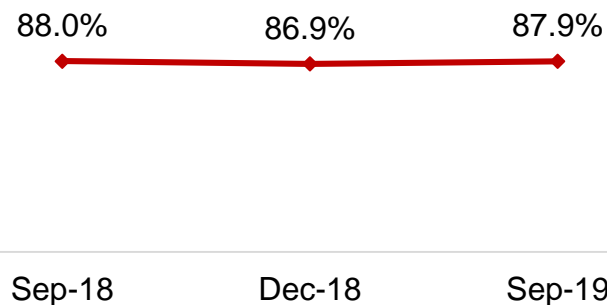
Composition of assets



Total deposits (KD Million)



Financing Portfolio to Deposit Ratio



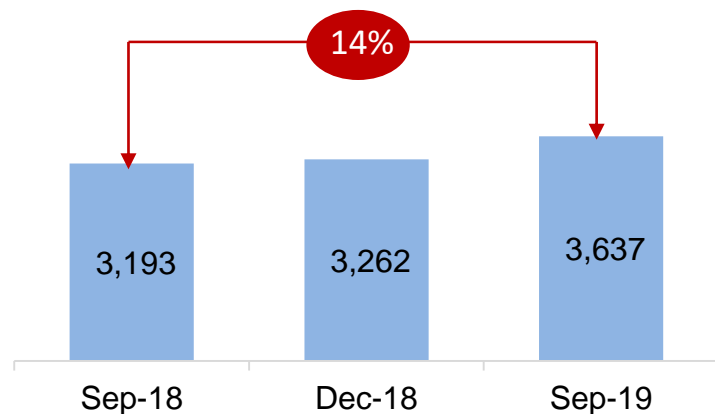
* Liquid assets include cash and balances with banks, Deposits with CBK, Deposits with other banks and Sukuk Investments

Source: Financial statements, Boubyan analysis

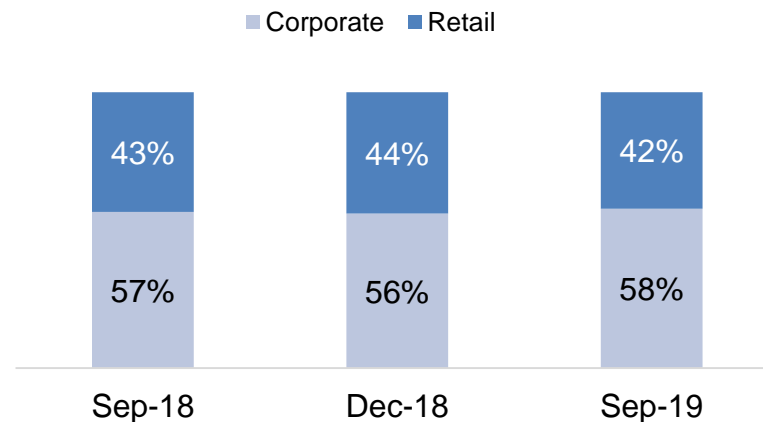
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Financing Portfolio and asset quality

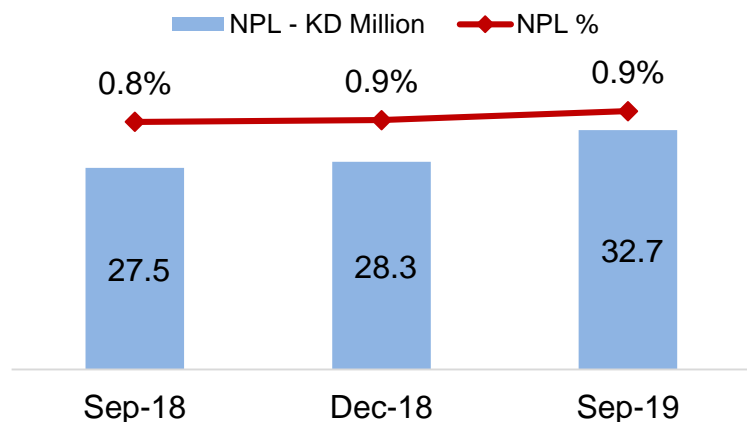
Financing Portfolio – KD Million



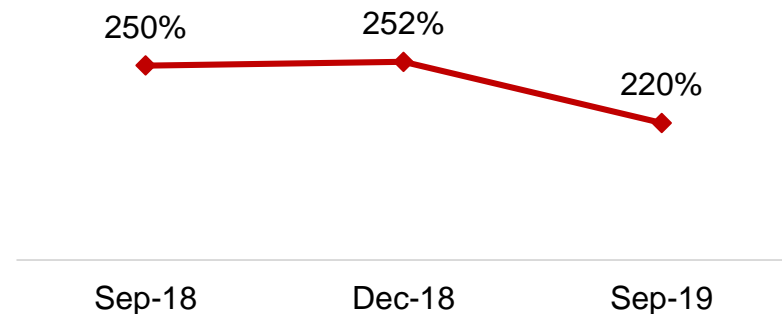
Composition of Financing Portfolio



Non performing Financing Portfolio



Loss Coverage ratio

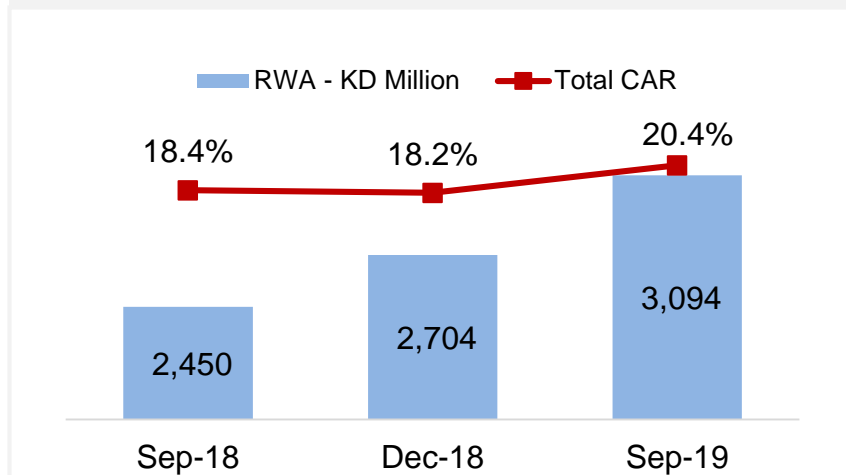


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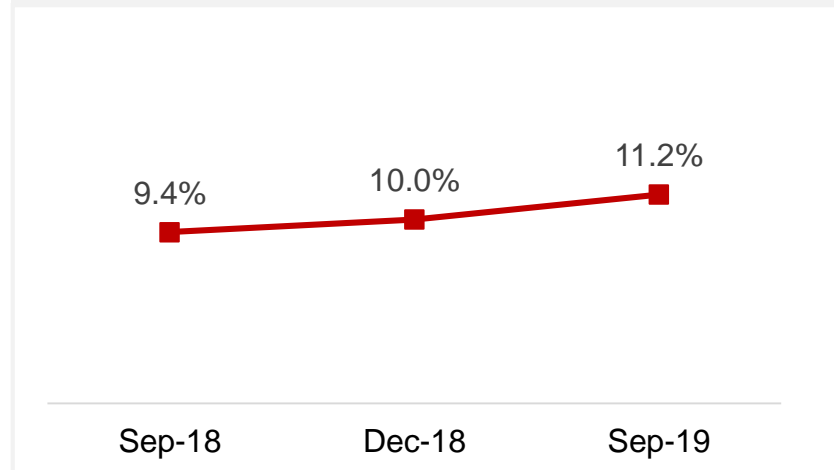
- 1** Boubyan's Performance & Strategy – At a glance
- 2** Income statement analysis
- 3** Balance sheet analysis
- 4** Capitalisation and Leverage

Capital Adequacy

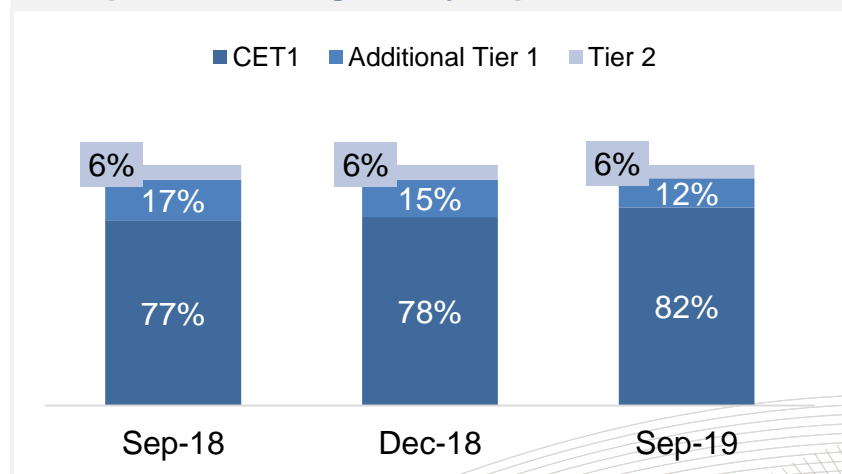
Capital adequacy ratio



Leverage ratio



Composition of regulatory capital



Questions ?

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Appendix

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Consolidated Financial Statements – 9M 2019

CONSOLIDATED STATEMENT OF INCOME	30-Sep	30-Sep
KD Million	2019	2018
Income		
Islamic financing income	152.8	134.4
Financing cost	(64.8)	(43.8)
Net finance income	88.0	90.7
Net investment income	5.8	1.5
Net fees and commission income	12.8	10.6
Net foreign exchange gain	2.9	2.2
Operating Income	109.4	104.9
Expenses		
Staff cost	(27.1)	(25.3)
General and administrative expenses	(11.3)	(13.0)
Depreciation	(5.8)	(3.2)
Total Expenses	(44.2)	(41.5)
Profit before provision for impairment	65.2	63.4
Provision for impairment	(17.9)	(21.2)
Profit before taxes	47.3	42.2
Taxes and board remuneration	(2.0)	(1.8)
Non-Controlling Interests	(0.0)	(0.1)
Net Profit for the year	45.2	40.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30-Sep	30-Sep
KD Million	2019	2018
Assets		
Cash and balances with banks	212	77
Deposits with Central Bank of Kuwait	285	264
Deposits with other banks	316	209
Islamic financing to customers	3,637	3,193
Investments in Sukuks	344	306
Other investment securities	80	67
Investments in associates	31	30
Investment properties	25	28
Other assets	22	24
Property and Equipment	81	55
Total Assets	5,033	4,253
Liabilities and Equity		
Liabilities		
Due to banks	216	142
Depositors' accounts	4,102	3,594
Other liabilities	70	43
Total liabilities	4,388	3,779
Equity		
Share capital	288	239
Share premium	157	63
Treasury shares	(0)	(1)
Statutory reserve	25	19
Other reserves	23	15
Retained earnings	74	61
Equity attributable to equity holders of the bank	567	396
Perpetual Tier 1 Sukuk	75	75
Non-controlling interest	2	2
Total equity	645	474
Total liabilities and equity	5,033	4,253

Consolidated Income Statement

KD Million	31-Dec 2018	31-Dec 2017	31-Dec 2016
Income			
Murabaha and other Islamic financing income	182.9	149.4	122.7
Distribution to depositors and Murabaha Cost	(62.6)	(46.0)	(34.2)
Net finance income	120.3	103.5	88.5
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
Operating Income	139.7	125.6	103.3
Expenses			
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)
Total Expenses	(56.8)	(52.9)	(43.4)
Profit before provision for impairment	83.0	72.7	59.9
Provision for impairment	(23.8)	(22.4)	(16.4)
Profit before taxes	59.1	50.3	43.5
Taxes and board remuneration	(2.9)	(2.6)	(2.2)
Non-Controlling Interests	(0.1)	(0.1)	(0.2)
Net Profit for the year	56.1	47.6	41.1

Consolidated Statement of Financial Position

KD Million	31-Dec 2018	31-Dec 2017	31-Dec 2016
Assets			
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
Total Assets	4,344.8	3,970.4	3,481.8
Liabilities and Equity			
Liabilities			
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
Total liabilities	3,858.8	3,518.0	3,058.7
Equity			
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
Equity attributable to equity holders of the bank	408.3	374.8	345.0
Perpetual Tier 1 Sukuk	75.4	75.4	75.4
Non-controlling interest	2.3	2.2	2.8
Total equity	486.0	452.4	423.2
Total liabilities and equity	4,344.8	3,970.4	3,481.8

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Thank you

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