

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 JUNE 2025 (UNAUDITED)

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

For the period from 1 January 2025 to 30 June 2025

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



**Shape the future
with confidence**

Ernst & Young
Al Aiban, Al Osaïmi & Partners
P.O. Box 74
Burj Alshaya, 16TH & 17TH Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
<https://www.ey.com>

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BOUBYAN BANK K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Boubyan Bank K.S.C.P. (the “Bank”) and its subsidiaries (collectively “the Group”) as at 30 June 2025, and the related interim condensed consolidated statement of profit or loss, statement of other comprehensive income for the three months and six months period then ended, statement of changes in equity and statement of cash flow for the six months period then ended. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of accounts of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank’s Articles of Association and Memorandum of Incorporation, as amended, during the six months period ended 30 June 2025 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, during the six months period ended 30 June 2025 that might have had a material effect on the business of the Bank or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

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

22 July 2025
Kuwait

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

For the period from 1 January 2025 to 30 June 2025

		Three months ended 30 June		Six months ended 30 June	
		2025	2024	2025	2024
	Notes	KD'000's	KD'000's	KD'000's	KD'000's
Income					
Murabaha and other Islamic financing income		122,494	112,345	239,120	221,338
Finance cost and distribution to depositors		(69,178)	(63,691)	(136,304)	(125,811)
Net financing income		53,316	48,654	102,816	95,527
Net investment income	3	4,798	3,357	8,729	7,076
Net fees and commission income		4,822	5,955	14,713	15,199
Net foreign exchange gain		2,356	1,856	4,447	3,645
Other income		547	-	547	-
Operating income		65,839	59,822	131,252	121,447
Staff costs		(18,480)	(17,982)	(34,740)	(34,672)
General and administrative expenses		(10,144)	(8,057)	(19,860)	(17,312)
Depreciation		(4,748)	(4,172)	(9,341)	(8,112)
Operating expenses		(33,372)	(30,211)	(63,941)	(60,096)
Operating profit before provision for impairment		32,467	29,611	67,311	61,351
Provision for impairment	4	(3,554)	(4,072)	(6,987)	(10,022)
Operating profit before deductions		28,913	25,539	60,324	51,329
Taxation charged	5	(3,765)	(1,068)	(8,119)	(2,237)
Net profit for the period		25,148	24,471	52,205	49,092
Attributable to:					
Equity holders of the Bank		25,820	24,618	52,301	49,610
Non-controlling interests		(672)	(147)	(96)	(518)
Net profit for the period		25,148	24,471	52,205	49,092
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	6	5.85	5.58	11.17	10.56

The notes from 1 to 19 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 2025 to 30 June 2025

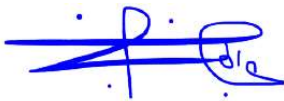
	Three months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
	KD'000's	KD'000's	KD'000's	KD'000's
Net profit for the period	25,148	24,471	52,205	49,092
Other comprehensive (loss)/ income:				
Items that are or may be reclassified to interim condensed consolidated statement of profit or loss in subsequent periods:				
Change in fair value of debt investments at fair value through other comprehensive income	(707)	(3,622)	(2,221)	(677)
Foreign currency translation adjustments	591	(188)	1,207	(355)
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	478	(685)	10	(666)
Other comprehensive income/ (loss) for the period	362	(4,495)	(1,004)	(1,698)
Total comprehensive income for the period	25,510	19,976	51,201	47,394
Attributable to:				
Equity holders of the Bank	25,187	20,236	49,680	48,128
Non-controlling interests	323	(260)	1,521	(734)
Total comprehensive income for the period	25,510	19,976	51,201	47,394

The notes from 1 to 19 form an integral part of this interim condensed consolidated financial information.

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

As at 30 June 2025

	<i>Notes</i>	30 June 2025	(Audited) 31 December 2024	30 June 2024
		KD'000's	KD'000's	KD'000's
Assets				
Cash and balances with banks	7	527,965	495,501	495,619
Deposits with Central Bank of Kuwait		202,816	125,056	186,672
Deposits with other banks		136,257	244,705	9,150
Islamic financing to customers	8	7,462,264	6,923,895	6,707,131
Investment in Sukuk	9	1,023,468	1,063,896	1,007,433
Other investment securities	9	217,617	187,996	155,218
Investment properties		89,686	68,370	71,275
Other assets		111,402	99,026	100,683
Property and equipment		181,087	168,123	158,140
Total assets		9,952,562	9,376,568	8,891,321
Liabilities and equity				
Liabilities				
Due to banks		338,683	286,437	259,531
Depositors' accounts		7,862,613	7,424,166	6,964,247
Medium term financing	10	517,758	445,512	502,250
Other liabilities		142,545	134,393	123,994
Total liabilities		8,861,599	8,290,508	7,850,022
Equity				
Share capital	19	441,082	420,078	420,078
Share premium		316,942	316,942	316,942
Proposed bonus shares	19	-	21,004	-
Treasury shares	12	(54)	(54)	(54)
Statutory reserve		65,407	65,407	55,233
Voluntary reserve		15,327	15,327	15,327
Other reserves	13	(2,859)	(238)	(912)
Retained earnings		81,687	32,428	61,430
Proposed cash dividends	19	-	42,002	-
Equity attributable to equity holders of the Bank		917,532	912,896	868,044
Perpetual Tier 1 Sukuk	18	150,385	150,385	150,385
Non-controlling interests		23,046	22,779	22,870
Total equity		1,090,963	1,086,060	1,041,299
Total liabilities and equity		9,952,562	9,376,568	8,891,321



Abdulaziz Abdullah Dakheel Al-Shaya
Chairman



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

The notes from 1 to 19 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 2025 to 30 June 2025

	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'000s	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 2025	420,078	316,942	21,004	(54)	65,407	15,327	(238)	32,428	42,002	912,896	150,385	22,779	1,086,060
Profit for the period	-	-	-	-	-	-	-	52,301	-	52,301	-	(96)	52,205
Other comprehensive (loss) / income	-	-	-	-	-	-	(2,621)	-	-	(2,621)	-	1,617	(1,004)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(2,621)	52,301	-	49,680	-	1,521	51,201
Dividends paid (note 19)	-	-	-	-	-	-	-	-	(42,002)	(42,002)	-	-	(42,002)
Issue of bonus shares (note 19)	21,004	-	(21,004)	-	-	-	-	-	-	-	-	-	-
Other movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,254)	(1,254)
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(3,042)	-	(3,042)	-	-	(3,042)
Balance at 30 June 2025	441,082	316,942	-	(54)	65,407	15,327	(2,859)	81,687	-	917,532	150,385	23,046	1,090,963
Balance at 1 January 2024	396,300	316,942	23,778	(54)	55,233	15,327	299	15,127	31,700	854,652	150,385	23,798	1,028,835
Profit/(loss) for the period	-	-	-	-	-	-	-	49,610	-	49,610	-	(518)	49,092
Other comprehensive loss	-	-	-	-	-	-	(1,482)	-	-	(1,482)	-	(216)	(1,698)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(1,482)	49,610	-	48,128	-	(734)	47,394
Dividends paid (note 19)	-	-	-	-	-	-	-	-	(31,700)	(31,700)	-	-	(31,700)
Issue of bonus shares (note 19)	23,778	-	(23,778)	-	-	-	-	-	-	-	-	-	-
Other movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(194)	(194)
Realised loss on equity securities at fair value through other comprehensive income	-	-	-	-	-	-	271	(271)	-	-	-	-	-
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(3,036)	-	(3,036)	-	-	(3,036)
Balance at 30 June 2024	420,078	316,942	-	(54)	55,233	15,327	(912)	61,430	-	868,044	150,385	22,870	1,041,299

The notes from 1 to 19 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 2025 to 30 June 2025

	Notes	Six months ended 30 June	
		2025	2024
		KD'000's	KD'000's
OPERATING ACTIVITIES			
Net profit for the period		52,205	49,092
Adjustments for:			
Provision for impairment	4	6,987	10,022
Depreciation		9,341	8,112
Dividend income	3	(5,388)	(3,767)
Net gain from financial assets at fair value through profit or loss	3	(69)	(1,010)
Net gain from sale of debt investments at FVOCI	3	-	(51)
Unrealized gain from change in fair value of investment properties	3	(1,116)	-
Profit on Medium Term Financing		8,953	11,026
Share of results of associates	3	(31)	(180)
Operating profit before changes in operating assets and liabilities		70,882	73,244
Changes in operating assets and liabilities:			
Deposits with Central Bank of Kuwait		(72,616)	14,331
Deposits with other banks		13,823	26,546
Islamic financing to customers		(565,426)	(386,576)
Other assets		(31,569)	6,001
Due to banks		52,246	72,200
Depositors' accounts		447,402	477,590
Other liabilities		6,117	7,077
Net cash (used in)/ generated from operating activities		(79,141)	290,413
INVESTING ACTIVITIES			
Purchase of investment securities		(92,610)	(407,042)
Proceeds from sale/redemption of investment securities		102,292	280,184
Proceeds from redemption of investment in associates		-	250
Proceeds from sale of investment properties		-	2,063
Purchase of property and equipment		(22,305)	(17,036)
Dividend income received	3	5,388	3,767
Net cash used in investing activities		(7,235)	(137,814)
FINANCING ACTIVITIES			
Profit distribution on perpetual Tier 1 Sukuk		(3,042)	(3,036)
Proceeds from other medium term financing		307,529	-
Redemption and profit paid on medium term financing		(234,180)	(98,173)
Net movement of non-controlling interest		(1,254)	(194)
Dividends paid		(42,002)	(31,700)
Net cash generated from/ (used in) financing activities		27,051	(133,103)
Net change in cash and cash equivalents		(59,325)	19,496
Foreign currency translation adjustments		1,625	(2,428)
Cash and cash equivalents at beginning of the period		685,717	563,708
Cash and cash equivalents at end of the period	7	628,017	580,776

The notes from 1 to 19 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 2025 to 30 June 2025

1. INCORPORATION AND ACTIVITIES

Boubyan Bank K.S.C.P. (“the Bank”) is a Kuwaiti public shareholding company incorporated on 21 September 2004, in accordance with the Commercial Companies Law in the State of Kuwait, by Amiri Decree No. 88 published on April 18th 2004, in accordance with the rules and regulations of the Central Bank of Kuwait (“CBK”) (Law No. 30 of 2003).

The Bank’s shares were listed on the Kuwait Stock Exchange on 15 May 2006.

The Bank was licensed by the Central Bank of Kuwait to do business on 28 November 2004.

The Bank is principally engaged in providing banking services, in accordance with Codes of the Islamic Sharia’a, as approved by the Bank’s Sharia’a Supervisory Board. The Bank’s Memorandum of Incorporation and Articles of Association were amended by adding a new activity, namely, offering securities or selling the same for their issuer, its affiliate or obtaining securities from the issuer or its affiliate for remarketing (issuance management). In addition to the activity of purchase and sale of land plots and all types of real estate properties for their financing purposes as per the provisions of Law no. 32 of 1968 Concerning Currency, the Central Bank of Kuwait, and Organization of the Banking Business.

The Bank is a subsidiary of National Bank of Kuwait S.A.K.P (“the Parent Company”).

This interim condensed consolidated financial information as at and for the six months period ended 30 June 2025 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 08 July 2025.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

- (a) The interim condensed consolidated financial information of the Group for period ended 30 June 2025 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 IFRS - Accounting Standards as issued by International Accounting Standards Board (IASB) with the following amendment:
 - Expected credit loss (“ECL”) to be measured at the higher of ECL provision on credit facilities computed under IFRS 9 in accordance with CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

The above framework is herein after referred to as ‘IFRS – Accounting Standards 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 – Accounting Standards, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024. Further, results for the six months period ended 30 June 2025, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

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 2024. Amendments to IFRS – Accounting Standards which are effective for annual accounting period starting from 1 January 2025 did not have any material impact on the accounting policies, financial position or performance of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2025 to 30 June 2025

3. NET INVESTMENT INCOME

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
	KD'000's	KD'000's	KD'000's	KD'000's
Dividend income	3,203	2,048	5,388	3,767
Net rental income from investment properties	938	976	1,917	2,068
Net gain from financial assets at fair value through profit or loss	(479)	340	69	1,010
Net gain from sale of debt investments at FVOCI	-	26	-	51
Unrealized gain from changes in fair value of investment properties	1,116	-	1,116	-
Gain from investment properties	-	-	208	-
Share of results of associates	20	(33)	31	180
	4,798	3,357	8,729	7,076

4. PROVISION FOR IMPAIRMENT

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
	KD'000's	KD'000's	KD'000's	KD'000's
Provision charge for Islamic financing to customers	482	3,786	3,725	9,495
ECL – Other financial assets	1,103	(378)	1,100	(470)
Impairment loss on investments and other assets	1,969	664	2,162	997
	3,554	4,072	6,987	10,022

5. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
	KD'000's	KD'000's	KD'000's	KD'000's
Domestic Minimum Tax	3,119	-	6,906	-
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	263	232	538	468
National Labour Support Tax ("NLST")	-	676	-	1,333
Zakat (Based on Zakat law no: 46/2006)	-	273	-	539
Overseas tax	383	(113)	675	(103)
	3,765	1,068	8,119	2,237

Pillar 2 Income Taxes

In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) had agreed to a two-pillar solution in order to address tax challenges arising from digitalization of the economy. Under Pillar 2, multinational entities (MNE Group) whose revenue exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective tax rate of 15% in each jurisdiction they operate. The jurisdictions in which the Group operates including the State of Kuwait have joined the IF.

The State of Kuwait issued Law Number 157 of 2024 on 31 December 2024 (the Law) introducing domestic minimum top-up tax (DMTT) effective from the year 2025 on entities which are part of MNE Group with annual revenues of EUR 750 million or more. The Law provides that a top-up tax shall be payable on the taxable income at a rate equal to the difference between 15% and the effective tax rate of all constituent entities of the MNE Group operating within Kuwait. The taxable income and effective tax rate are computed in accordance with the Executive regulations which were issued through ministerial resolution no. 55 of 2025. The Law effectively replaces the existing National Labour Support Tax (NLST) and Zakat tax regimes in Kuwait for MNEs within the scope of this Law.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2025 to 30 June 2025

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 shares that would be issued on the conversion of all the dilutive potential shares into shares.

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
Net profit for the period attributable to the equity holders of the Bank (KD'000)	25,820	24,618	52,301	49,610
Less: profit payment on Perpetual Tier 1 Sukuk (KD'000)	-	-	(3,042)	(3,036)
	25,820	24,618	49,259	46,574
Weighted average number of shares outstanding during the period net of treasury shares (thousands of shares)	4,410,177	4,410,235	4,410,188	4,410,246
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	5.85	5.58	11.17	10.56

Earnings per share for the prior period were 5.86 and 11.09 fils before retroactive adjustment to the number of shares following the bonus shares issuance (note 19).

7. CASH AND CASH EQUIVALENTS

	(Audited)		
	30 June 2025	31 December 2024	30 June 2024
	KD'000's	KD'000's	KD'000's
Cash and balances with banks	527,965	495,501	495,619
Placements with banks maturing within seven days	100,052	190,216	85,157
	628,017	685,717	580,776

8. ISLAMIC FINANCING TO CUSTOMERS

	(Audited)		
	30 June 2024	31 December 2024	30 June 2024
	KD'000's	KD'000's	KD'000's
Islamic financing to customers	7,688,859	7,151,563	6,924,839
Provision for impairment	(226,595)	(227,668)	(217,708)
	7,462,264	6,923,895	6,707,131

The available provision for impairment on non-cash facilities of **KD 4,036** thousands (31 December 2024: KD 4,052 thousands, 30 June 2024: KD 3,599 thousands) is included under other liabilities. The total provision for cash and non-cash credit facilities in accordance with CBK guidelines amounted to **KD 230,631** thousand as at 30 June 2025 (31 December 2024: KD 231,720 thousand, 30 June 2024: KD 221,307 thousand).

The Expected Credit Losses ("ECL") on credit facilities determined under IFRS 9 in accordance to the CBK guidelines amounted to **KD 110,257** thousand as at 30 June 2025 (31 December 2024: 98,490 thousand, 30 June 2024: KD 83,333 thousand). CBK guidelines prescribe certain parameters to determine the ECL on credit facilities such as floors for estimating Probability of Default (PD), eligible collateral with haircuts for determining Loss Given Default (LGD), deemed minimum maturity for Stage 2 exposures, 100% credit conversion factors for utilised cash and non-cash facilities, Stage 3 ECLs at 100% of the defaulted exposure net of eligible collateral after applying applicable haircuts etc.

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

For the period from 1 January 2025 to 30 June 2025

8. ISLAMIC FINANCING TO CUSTOMERS (continued)

An analysis of the carrying amounts of Credit Facilities, and the corresponding Expected Credit Losses based on the staging criteria under IFRS 9 in accordance with CBK regulations. For contingent liabilities, the amounts in the table represent the amounts committed or guaranteed, respectively.

	Stage 1 KD'000's	Stage 2 KD'000's	Stage 3 KD'000's	Total KD'000's
30 June 2025				
Islamic financing to customers	7,312,378	299,265	77,216	7,688,859
Contingent liabilities (Note 14)	509,131	68,014	1,148	578,293
Commitments (revocable and irrevocable) to extend credit	1,788,108	83,512	472	1,872,092
31 December 2024 (Audited)				
Islamic financing to customers	6,795,485	283,465	72,613	7,151,563
Contingent liabilities (Note 14)	447,942	65,898	1,492	515,332
Commitments (revocable and irrevocable) to extend credit	1,562,911	79,012	429	1,642,352
30 June 2024				
Islamic financing to customers	6,641,662	212,904	70,273	6,924,839
Contingent liabilities (Note 14)	350,990	55,810	2,731	409,531
Commitments (revocable and irrevocable) to extend credit	1,483,377	31,193	355	1,514,925

An analysis of the changes in the expected credit losses that related to the credit facilities based on the staging criteria under IFRS 9 in accordance with CBK regulations is as follows:

	Stage 1 KD 000's	Stage 2 KD 000's	Stage 3 KD 000's	Total KD 000's
30 June 2025				
ECL allowance as at 1 January 2025	19,895	36,711	41,884	98,490
Impact due to transfer between stages				
Transfer from Stage 1	(863)	697	166	-
Transfer from Stage 2	3,213	(4,871)	1,658	-
Transfer from Stage 3	2,392	332	(2,724)	-
Additional ECL for the period	4,771	2,889	10,149	17,809
Amounts written off and recoveries	-	-	(6,441)	(6,441)
Foreign currency translation	9	38	352	399
At 30 June 2025	29,417	35,796	45,044	110,257
30 June 2024				
ECL allowance as at 1 January 2024	22,134	16,935	32,022	71,091
Impact due to transfer between stages				
Transfer from Stage 1	(1,074)	309	765	-
Transfer from Stage 2	1,475	(2,140)	665	-
Transfer from Stage 3	3,447	191	(3,638)	-
(Release)/additional ECL for the period	(5,053)	12,670	729	8,346
Amounts written off and recoveries	-	-	3,921	3,921
Foreign currency translation	(9)	(13)	(3)	(25)
At 30 June 2024	20,920	27,952	34,461	83,333

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2025 to 30 June 2025

9. INVESTMENT SECURITIES

	30 June 2025	(Audited) 31 December 2024	30 June 2024
	KD'000's	KD'000's	KD'000's
Investment in Sukuk	1,023,468	1,063,896	1,007,433
Other investment securities			
Financial assets at fair value through profit or loss	195,738	165,644	133,577
Financial assets at fair value through other comprehensive income	21,476	21,992	21,142
Investment in associates	403	360	499
	217,617	187,996	155,218
	1,241,085	1,251,892	1,162,651

	30 June 2025	(Audited) 31 December 2024	30 June 2024
	KD'000's	KD'000's	KD'000's
Investment in Sukuk			
Investment in Sukuk- FVOCI	1,020,759	1,044,249	988,913
Investment in Sukuk- FVTPL	2,709	19,647	18,520
	1,023,468	1,063,896	1,007,433
Financial assets at fair value through profit or loss			
Investment in unquoted funds	193,605	163,563	131,577
Managed securities portfolio	2,133	2,081	2,000
	195,738	165,644	133,577
Financial assets at fair value through other comprehensive income			
Investment in unquoted equity securities	14,361	14,077	13,506
Investment in quoted equity securities	7,115	7,915	7,636
	21,476	21,992	21,142

10. MEDIUM TERM FINANCING

	30 June 2025	(Audited) 31 December 2024	30 June 2024
	KD'000's	KD'000's	KD'000's
Global Medium Term Sukuk ("GMTN programme")*	303,246	383,509	379,259
Other medium term financing**	214,512	62,003	122,991
	517,758	445,512	502,250

* 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 the prior years, 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. This Sukuk was called on 18 February 2025.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2025 to 30 June 2025

10. MEDIUM TERM FINANCING (continued)

On 4 June 2025, the Bank issued senior unsecured Sukuk amounting to USD 500 million due in June 2030 under the GMTN programme through a wholly owned special purpose vehicle. This Sukuk was issued at 100 percent of nominal value and carries a fixed profit rate at 4.973% 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 5.1% to 5.2% (31 December 2024: 5.24% to 5.56%, 30 June 2024: 6.2% to 6.3%).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2025 to 30 June 2025

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 and are included within the following financial information captions:

	Number of board members or executive officers			Number of related parties			(Audited)		
	30 June 2025	31 December 2024	30 June 2024	30 June 2025	31 December 2024	30 June 2024	30 June 2025	31 December 2024	30 June 2024
							KD'000's	KD'000's	KD'000's
Islamic financing to customers	15	10	11	9	8	8	85,591	83,020	69,879
Depositors' accounts	32	26	25	45	41	41	25,454	18,094	12,891
Letters of guarantee and letters of credit	1	-	-	2	3	3	2,546	1,910	2,487
Murabaha and other Islamic financing income							2,072	3,702	1,864
Finance cost and distribution to depositors							(164)	(290)	(141)
Collateral against Islamic finance to customers							99,686	121,570	92,800
Parent Company									
Due from banks							135,739	61,244	4,000
Due to banks							77,862	88,322	78,979
Islamic financing to customers							1,359	-	-
Depositors accounts							2,382	1,832	1,698
Letters of guarantee and letters of credit							5,988	-	-
Murabaha and other Islamic financing income							1,143	1,087	306
Finance cost and distribution to depositors							(934)	(1,901)	(1,117)
Collateral against Islamic finance to customers							1,259	-	-

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

For the period from 1 January 2025 to 30 June 2025

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

Details of compensation to key management comprise the following:

	Three months ended 30 June		Six months ended 30 June	
	2025	2024	2025	2024
	KD'000's	KD'000's	KD'000's	KD'000's
Short-term benefits	949	897	1,915	1,729
Post-employment benefits	269	260	396	326
Deferred compensation	256	274	519	551
	1,474	1,431	2,830	2,606

12. TREASURY SHARES

The Bank held the following treasury shares:

	30 June 2025	(Audited) 31 December 2024	30 June 2024
Number of treasury shares	649,638	594,987	594,987
Treasury shares as a percentage of total issued shares - %	0.01473%	0.01416%	0.01501%
Cost of treasury shares – KD thousand	54	54	54
Market value of treasury shares – KD thousand	439	334	368
Weighted average of market value per share – KD	0.668	0.585	0.601

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 2025	13,146	(12,713)	(671)	(238)
Other comprehensive loss for the period	(2,211)	(410)	-	(2,621)
Total comprehensive loss for the period	(2,211)	(410)	-	(2,621)
Balance at 30 June 2025	10,935	(13,123)	(671)	(2,859)
Balance at 1 January 2024	13,162	(12,825)	(38)	299
Other comprehensive loss for the period	(1,343)	(139)	-	(1,482)
Total comprehensive loss for the period	(1,343)	(139)	-	(1,482)
Realised loss on equity securities at fair value through other comprehensive income	271	-	-	271
Balance at 30 June 2024	12,090	(12,964)	(38)	(912)

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

For the period from 1 January 2025 to 30 June 2025

14. CONTINGENCIES AND COMMITMENTS

At the financial reporting date there were outstanding contingencies and commitments entered into during the ordinary course of business in respect of the following:

	30 June 2025	(Audited) 31 December 2024	30 June 2024
	KD'000's	KD'000's	KD'000's
Letters of guarantee	462,159	409,551	317,068
Letters of credit and Acceptances	116,134	105,781	92,463
Capital commitments and irrevocable undrawn financing commitments	156,800	165,219	222,202
	735,093	680,551	631,733

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
Six months ended 30 June 2025						
Net financing income	60,775	30,480	473	9,613	1,475	102,816
Operating income	64,946	35,269	16,180	14,074	783	131,252
Net profit/(loss) for the period	35,775	31,447	1,975	13,489	(30,481)	52,205
Total assets	2,896,406	4,265,183	808,750	1,789,988	192,235	9,952,562
Total liabilities	5,416,432	515,177	612,487	1,735,582	581,921	8,861,599
Six months ended 30 June 2024						
Net financing income	55,629	27,839	1,733	8,697	1,629	95,527
Operating income/(loss)	61,856	32,447	14,084	12,350	710	121,447
Net profit/(loss) for the period	35,768	27,220	(3,972)	11,765	(21,689)	49,092
Total assets	2,617,454	3,786,436	738,943	1,603,208	145,280	8,891,321
Total liabilities	4,709,226	613,436	577,037	1,436,011	514,312	7,850,022

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

For the period from 1 January 2025 to 30 June 2025

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models or other models as appropriate.

Fair value hierarchy

The table below analyses financial instruments measured at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: input other than quoted prices included within Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	KD'000's	KD'000's	KD'000's	KD'000's
30 June 2025				
Financial assets at fair value through profit or loss	2,133	193,605	-	195,738
Investment in Sukuk	1,023,468	-	-	1,023,468
Financial assets at fair value through other comprehensive income	7,115	-	14,361	21,476
	<u>1,032,716</u>	<u>193,605</u>	<u>14,361</u>	<u>1,240,682</u>
31 December 2024 (Audited)				
Financial assets at fair value through profit or loss	2,081	163,563	-	165,644
Investment in Sukuk	1,063,896	-	-	1,063,896
Financial assets at fair value through other comprehensive income	7,915	-	14,077	21,992
	<u>1,073,892</u>	<u>163,563</u>	<u>14,077</u>	<u>1,251,532</u>
30 June 2024				
Financial assets at fair value through profit or loss	2,000	131,577	-	133,577
Investment in Sukuk	1,007,433	-	-	1,007,433
Financial assets at fair value through other comprehensive income	7,636	-	13,506	21,142
	<u>1,017,069</u>	<u>131,577</u>	<u>13,506</u>	<u>1,162,152</u>

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	Sale/ redemption	Exchange rate movements	At 30 June
	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's
30 June 2025:							
Assets measured at fair value							
Financial assets at fair value through other comprehensive income	14,077	-	-	303	-	(19)	14,361
	<u>14,077</u>	<u>-</u>	<u>-</u>	<u>303</u>	<u>-</u>	<u>(19)</u>	<u>14,361</u>
30 June 2024:							
Assets measured at fair value							
Financial assets at fair value through other comprehensive income	13,534	-	-	-	(25)	(3)	13,506
	<u>13,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25)</u>	<u>(3)</u>	<u>13,506</u>

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of profit and loss and other comprehensive income would be immaterial if the relevant risk variables used to fair value the securities classified under level 2 and level 3 were altered by 5 percent.

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

For the period from 1 January 2025 to 30 June 2025

17. DERIVATIVES

In the ordinary course of business, the Bank enters into various types of transactions that involve Sharia'a approved derivative financial instruments such as currency swaps, profit rate swaps and forward foreign exchange contracts to mitigate foreign currency and profit rate risk. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

Currency swaps

Currency swaps is a contractual agreement between two parties to buy a Sharia'a compliant asset at an agreed price on the relevant future date in different currencies. The fixed or floating payments as well as notional amounts are exchanged in different currencies.

Profit rate swaps

Profit rate swaps are contractual agreements between two counter-parties to exchange fixed and floating payments based on a notional value in a single currency.

Forward foreign exchange contracts

Forward foreign exchange contracts are agreements to buy or sell currencies at a specified rate and at a future date.

The notional amount, disclosed gross, is the amount of a derivative's underlying asset and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are neither indicative of the market risk nor credit risk.

The fair value of Islamic derivative financial instruments included in the financial records, together with their notional amounts is summarised as follows:

	30 June 2025			31 December 2024 (Audited)			30 June 2024		
	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)	8,822	(10,330)	953,605	17,590	(7,350)	796,284	24,369	(9,903)	819,491
Cross currency swaps	-	(5,721)	564,996	9,006	(1,205)	458,103	1,390	(1,051)	441,059
Forward foreign exchange contracts	22	(2)	125,906	20	(225)	46,515	354	(226)	8,047
	8,844	(16,053)	1,644,507	26,616	(8,780)	1,300,902	26,113	(11,180)	1,268,597

All of the above Islamic derivative financial instruments are included in Level 2 of fair value hierarchy as at 30 June 2025, 31 December 2024 and 30 June 2024.

18. PERPETUAL TIER 1 SUKUK

During the previous years on 1 April 2021, the Bank has issued "Tier 1 Sukuk – 2021", through a Sharia'a compliant Sukuk arrangement amounting to USD 500 million which was fully allocated. Tier 1 Sukuk -2021 is a perpetual security in respect of which there is no fixed redemption date and constitutes direct, unsecured, subordinated obligations (senior only to share capital) of the Bank subject to the terms and conditions of the Mudaraba Agreement. The Tier 1 Sukuk – 2021 is callable by the Bank on 1 October 2026 and bears an expected profit rate of **3.95%** per annum to be paid semi-annually in arrears. The expected profit rate will be reset on 1 April 2027 based on then prevailing 6 years US Treasury Rate plus initial margin of **2.896%** per annum. The net proceeds are invested by way of Mudaraba with the Bank (as Mudareb) on an unrestricted co-mingling basis, by the Bank in its general business activities carried out through the general Mudaraba pool. Mudaraba profit will not be accumulated and the event is not considered an event of default.

19. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly meeting of the shareholders held on 16 March 2025 approved the consolidated financial statements for the year ended 31 December 2024, **5%** bonus shares (2023: 6%) and a cash dividend of **10 fils** per share (2023: 8 fils per share) for the year ended 31 December 2024.

The cash dividend paid amounted to **KD 42,002 thousand** (2023: KD 31,700 thousand) and the bonus shares increased the number of issued and fully paid up shares by **210,039,181** shares (2023: 237,780,205 shares) and increase in share capital by **KD 21,004 thousand** (2023: KD 23,778 thousand). The approved bonus shares and cash dividends were distributed on 15 April 2025.