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Mr. Mohammad Saud Al-Osaimi
CEO
Boursa Kuwait

السيد/ محمد سعود العصيمي المحترم
الرئيس التنفيذي
بورصة الكويت

Dear Sir,

السلام عليكم ورحمة الله وبركاته وبعد ...

Minutes of the Analysts' Conference call
for the First Quarter and the Second
Quarter of 2020

محضر مؤتمر المحللين للربع الاول والربع
الثاني لسنة 2020

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 call for the First quarter ended 31/03/2020 and the second quarter ended 30/06/2020 held via Live Webcast at 02:30 pm (Local Time) on Wednesday, August 5th 2020 as per the requirements of the said article.

نرفق لكم نسخة من محضر مؤتمر المحللين للربع الاول المنتهي في 2020/03/31 و الربع الثاني المنتهي في 2020/06/30 الذي انعقد عن طريق بث مباشر على شبكة الأنترنت (Live Webcast) في تمام الساعة 02:30 (وفق التوقيت المحلي) من بعد ظهر يوم الأربعاء الموافق 2020/08/05؛ وذلك وفقا للمتطلبات الواردة في المادة المشار إليها أعلاه.

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

Q1 and Q2 2019 Boubyan Bank KSCP – Earnings Call

Edited transcript of Boubyan Bank earnings conference call that took place on Wednesday 5th August 2020 at 14:30 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

Omar Bouhafs: Good afternoon everyone, and thank you for joining us today. This is Omar Bouhafs, Head of Investor Relations Unit. I'm pleased to welcome you to Boubyan Bank's earnings call covering the results for both the 3M March and 6M June 2020.

Joining me today, is Mr. AbdulSalam Al-Saleh Deputy Chief Executive Officer and Mohamed Ibrahim Group General Manager - Financial Control.

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:

"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 followed by a presentation on the Bank's financial performance by Mr. Mohamed Ibrahim.

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.

With that said, I'd like to now hand you over to Mr. AbdulSalam Al-Saleh to take you through a brief update on Boubyan's performance for 3M March and 6M June 2020.

AbdulSalam Al-Saleh:

Thank you Omar.

Good afternoon Ladies and Gentlemen. Today, I will provide an overview of the Bank's results for both the Three Months to March and the Six Months ended June 2020, along with an overview of the Bank's strategy and operating environment.

Boubyan has announced **KD 44 million** in operating profits for the six-months of 2020, despite the exceptional situation the World and Kuwait is going through with the unprecedented disruption caused by the COVID-19 pandemic.

In light of this, the Bank has continued its prudent approach by allocating **KD 25 million** in provisions and thereby achieving **KD 17 million** in net profit for the 6 months to June 2020.

We decided to allocate additional precautionary provisions to strengthen the Bank's financial position and bolster our ability to face the Covid-19 crisis.

During this crisis, Boubyan worked its utmost to support the Government's efforts to fight the Covid-19 pandemic. This includes, among other things, the Bank's contribution to the **KD 10 million** Covid-19 fund established by the Central Bank of Kuwait, and swiftly implementing the resolution for the deferment of instalments for consumer and housing finance and for SME's finance from April for a period of six months without charging additional profit.

In Q1, Boubyan Bank announced its acquisition of additional shares in the Bank of London and the Middle East or "BLME", amounting to **45.25%** approximately. Boubyan has been a long-term shareholder of BLME, and through this acquisition, we have grown our total holding to approximately **71%**.

We believe this acquisition will not only enable Boubyan to provide existing and future clients with additional Sharia compliant UK service offerings but also will help us develop its business and grow both banks. Our intention is for BLME to continue to work as an independent bank as a part of Boubyan Bank Group.

In Q4 last year, we had obtained regulatory approvals to undertake a Sukuk-issuance program of up to **US \$1 billion**. In February, the Bank successfully issued a **US \$750 million** 5-year Sukuk, with very strong demand as this issuance was oversubscribed by six times. This was a landmark transaction, as it achieved:

- The largest Sukuk out of Kuwait
- The lowest ever USD coupon achieved by a Kuwaiti issuer
- The largest order book for a USD senior bond or Sukuk by a GCC bank since 2013

This Sukuk program was undertaken to provide the bank with additional long-term funding, and to provide further diversification to our funding sources.

As you will see, throughout this presentation, we had very solid growth in our core business. As of June, our total assets and financing portfolio

both grew by 28% reaching **KD 6.1 billion** and **KD 4.5 billion** respectively. While our customer deposits grew **19%** year-on-year reaching **KD 4.7 billion**.

This growth was driven by both organic growth and the acquisition of BLME. With Corporate Financing growing **17%** year-on-year in June, and consumer growing **7%**.

Additionally, our market share in total financing grew to around **9.8%** in May 2020 compared to **8.3%** at the same time last year.

With regard to ratings, our overall credit ratings were A3, A- and A+ from Moody's, S&P and Fitch respectively.

Our success comes from the implementation of Boubyan's 2020 strategy which focuses on local market growth, offering new and innovative products and services and increasing our customer satisfaction.

We believe during this period the bank reaped the fruit of our investments in our digital banking services with notable increases in digital service usage by our clients through the mobile and internet banking platforms. We are very pleased with this, as our customers can perform most of their banking transactions while staying safely at home.

Boubyan considers excellence in customer service to be an integral part of the Bank's culture, and takes pride in receiving awards from Service Hero for the first place in Customer service in Kuwait for the 5th time, in addition to being named best Islamic bank in customer service for the 10th consecutive 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 both the three-months to March 2020 and the six-month's to June 2020.

Before I commence, I'd like to point out that, the acquisition of BLME was effective from 27 January 2020. Therefore the 2020 financials presented include the impact of this consolidation.

As we progress through the presentation, I will highlight the impact of BLME's consolidation on our financials to best support your understanding of our comparatives.

As you can see on the top left of Page 7, the bank reported **KD 10.2 million** Net Profit for the first quarter and **KD 17.1 million** for the first half. These profits were achieved after recording a considerable amount of precautionary provisions across both periods, to manage the impact of the Covid-19 pandemic. The earnings per share was **3.4 fils** for Q1 and **4.8 fils** for H1.

The Bank's operating profit remained fairly resilient with a slight decrease of **2%** in Q1 and **3%** in H1.

The bank's ROAE was **6.4%** and **5.5%** for Q1 and H1 respectively. Our return on average assets was **0.7%** and **0.6%** for Q1 and H1 respectively.

Now moving to the operating income components on Page 8, we can see that Operating income increased by **8%** during the first half.

The main driver for this growth was the consolidation of BLME during this period. The operating income for Boubyan excluding BLME was almost flat during this period due to the challenging operating environment.

The Bank's net financing income during the first half grew by **13%**. However, the growth for Boubyan excluding BLME was only **2%**. This is a result of strong volume growth in the Bank's average profit earning assets which was partially offset by declining margins. As you can see the Bank's net profit margin declined to **2.34%** in 6M June 2020.

This has been resulted from the high fluctuation in the profit rates locally and internationally since Q4 2019. We have seen the REPO and Discount rates declining by 175bps and 150bps respectively. This is in addition to some other market related factors and the lagged effect of the 4 REPO rate increases, totalling 100bps in 2018, with only one increase during that time of 25bps in the Discount rate.

The percentage of net financing income to total operating income increased to 83% during the first half due to the decrease in fees and commissions income during the period.

Fees, commissions and FX income declined by **15%** in the 6M June to **KD 9.4 million**. This decline is due to lower economic activity during the pandemic period, with lower credit card and other banking services and lower structured finance fees.

Investment income declined by 5% in 6M June. This includes **KD 2.2 million** net gain on the acquisition of BLME recognized in Q1, offset by

some unrealized losses on investment properties recognized in Q2.

Now, we will move to slide 9 and discuss operating expenses.

Operating expenses grew by **24%** in the 6M June. The increase is mainly from the consolidation of BLME. The growth in operating expenses for Boubyan excluding BLME was only **10%** after considering a multiple cost cutting measures during the period. However, some one-off expenses were incurred (approximately 1%) which represents the Bank's contribution to the Covid-19 fund as part of the industry wide initiative to support the Government's response to Covid-19.

Our cost to income ratio rose to **44.9%** in 6M June, with cost to average assets decreasing to **2.79%** due to the increase of our asset base. The bank's cost to income ratio excluding BLME increased to **43.2%** only as a result of the growth in operating expenses without a corresponding growth in operating income as explained before. The overall composition of operating costs is almost consistent.

We will now move onto provisions on slide 10, we can see that the total impairment provision for 3M March was **KD 11.5 million** and **KD 24.6 million** for 6M-June which was financing related.

As mentioned earlier, the Bank was proactive in recording precautionary provisions to manage the consequences arising from the COVID-19 pandemic.

Given this approach, the bank's loss ratio increased to **0.80%** in 3M March and **0.87%** in 6M June, while provisions to Operating profit also rose to **51%** in March and **56%** in June.

I would like to highlight that IFRS 9 provision was lower than the provision as per CBK by **KD 23 million** and accordingly we have reported the CBK provision in our financials as the higher of the two. It's worth to mention also that ECL provision increased by **KD 28.5 million** during the period.

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

Overall, our total assets grew by **37%** Year on Year in March, and **28%** in June. This increase was mainly driven by two elements.

Firstly, the acquisition of BLME resulted in the consolidation of approximately **KD 640 million** in Assets from Q1. And secondly, the strong organic growth in the financing portfolio.

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

to that of 2019 with financing portfolio represents **74%** of total assets.

Customer deposits also increased by **23%** Year on Year in March, and **19%** Year on Year in June.

This growth is mainly from both the consolidation of BLME, being approximately **KD 500 million**, and the growth in core retail deposits of **KD 380 million** year-on-year in June or **17%** which is one of our core strengths and reflects the continued improvement in our brand.

The bank has maintained its loan to deposit ratio at a comfortable level of approximately **89%**.

We now move on to slide 13 to discuss the performance of our financing portfolio. Our net financing portfolio grew by **KD 978 million** Year on Year in June or **28%** against a broader market growth of less than **6%**.

At June, BLME contributed KD 545 million primarily from the consolidation. While our Corporate financing grew by **KD 362 million** or 17% and retail financing grew by **KD 99 million** or 7%.

I would like to highlight that the loss from loan deferral of **48 million**, arising mainly from the six month deferral of consumer and housing loans was recognised in Q2, against retained earnings.

Retail financing as a share of our portfolio in a consolidated level decreased to **35%** from **42%** of total financing portfolio, after the consolidation of BLME. However, this still remains one of the highest ratios in the industry.

Boubyan's NPL ratio grew from around **0.9%** in March to **1.2%** in June which remains below the industry average. Our Loss coverage ratio stood at **212%** in March and **197%** in June.

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

In 2019 the Bank's capital adequacy ratio reached to **21.3%** as a result of the Banks **KD 132 million** rights-issuance, This ratio has decreased to **16.4%** and **16.8%** in March and June respectively as capital has been deployed in the growth of our business including BLME consolidation. This however still remains well above the regulatory minimum of **11%**, with this having been recently reduced by the CBK from the previous minimum of **13.5%**.

Risk Weighted Assets reported a year-on-year growth of **31%** in March and **33%** in June which was primarily driven by asset growth as

discussed earlier including the consolidation of BLME.

Regulatory capital mainly comprises of Common Equity Tier 1 which represents **80%** of the total capital in both March and June 2020, broadly consistent with the levels in 2019. This is followed by additional Tier 1 at **12%** which is comprised of the Boubyan Sukuk that was issued in May 2016.

The leverage ratio was **9.7%** 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 and thank you for your attendance. Now, I would like to handover to the Omar for the Q&A session.

Omar Bouhafs

Thank you Mohamed.

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 using the question box in the top right of the screen. Then click the submit button. Thank you for holding.

Mohamed Ibrahim

We have some similar questions, which we will try to combine it.

The first question is asking about the BLME contribution to our NPL ratio, and if this was the reason behind the increase to 1.2% from the 0.9% in December 2019.

Yes BLME contributed to our NPL as an amount as a result of the consolidation, however as a percentage, BLME didn't contribute to the increase in the percentage. The main reason for the increase to the **1.2%** level was the disruption of our collection activities during the lockdown, especially in consumer portfolio. However, subsequent to June 2020, we are seeing a declining trend.

The second question is asking about expatriate asset quality.

It's worth to mention that most of our consumer loans is to Kuwaiti customers, we don't have a major contribution from expatriates.

The next question is asking about the unwinding of the modification losses, and whether this will happen through the P&L or equity.

Of course, the unwinding will happen during the six months and this will compensate for the profits that will not be collected during these six months.

Can you share guidance for the rest of the year for loan and deposit growth, NPL ratio, cost to income ratio and for net profit margins?

Currently the guidance is difficult with the level of uncertainty and we are still monitoring the situation to see how the recovery will look like and when it will occur. The most that I can say regarding loan and deposit growth is that we believe high single-digit or lower double-digit would be the growth in our loan and deposits. This reflects the pipeline deals and projects unaffected by the situation.

For cost-to-income ratio we should see a declining trend, and for Net Profit Margin we hope to see a stabilised trend from the current level.

For the NPL ratio it's very difficult to provide guidance at this stage.

The next question is asking about NIMs which is already covered, also a question on the opex growth for the rest of 2020 which I already covered, where you should expect to see a declining trend of our cost-to-income ratio from the current level.

The next question is also asking about sharing some colour on NIMs, which is already covered.

Our next question asked whether the rate cut in March fully fed into our books in Q2 or how much of re-pricing is left with for coming quarters?

Of course the reduction which occurred in Q1 has not yet been fully reflected in our books with our portfolio still being repriced. However what is coming is almost neutralised between the cost of funds and the yield from financing portfolio.

Our next question asks what is the total share of the loan book that is subject to deferral, amongst retail, corporate and SMEs? What is the share of SMEs to total loans and what share of corporate loans were subject to the deferral.

First I'll start with retail which includes Consumer and Instalment Loans, Credit Cards and SME's, of which 100% of the portfolio was subject to the deferral as per the decision of the Kuwait Banking Association. For Corporate I can say less than 5% of our portfolio was subject to the payment holiday of six months. The SME share of our total loan portfolio is very low.

Our next question asks what percentage of your book is on payment holiday which we have already covered.

Our next question asks whether we would consider to have underlying asset quality problem rather than a temporary liquidity issue?

We aspire to see only a temporary liquidity issue. We performed a lot of stress tests on our portfolio and we found that a majority of our customer base were resilient to the situation, and hopefully with the recovery of the economy we can see them coming back to business and be able to service

their debt. So I tend to say it's more of a liquidity issue rather than an asset quality issue.

Our next question asks do you expect to increase precautionary provisions?

As I mentioned we still have a lot of uncertainties, we don't know yet how the recovery will look like, and the provision will be decided accordingly.

Our next question asks could you please walk us through your expectations for the rest of the year, in terms of NIM direction, balance sheet growth and asset quality?

We have already covered these in the previous questions.

Our next question asks that you mentioned about some cost initiatives taken during the pandemic what sort of an improvement are you looking at for the second half of 2020 versus the first half?

We are looking for a declining trend. We aspire to see our cost-to-income ratio coming down from the **43%** level. This will be driven by two factors, one being the income to hopefully return to our previous level, with the growth in our portfolio and with fee and commission income increasing post the lockdown. Also with the initiatives we took with cost cutting, this will also contribute, so we aspire to end the remaining part of the year at 40% level.

Our next question asks if we can elaborate more on the unwinding.

So I'll take it in more detail. The **48 million**, being the loss from the modification to our consumer and instalment loans reflects the profits that we were supposed to charge the customer during the six months.

So the unwinding will happen to the P&L during the six months from April to September. Hopefully this is a clearer answer.

Our next question asks about the charge due to the deferral reflected in retained earnings in June 2020. Whether it was fully reflected on CET1 or can the impact on solvency be phased out over a number of years?

As per CBK direction, the impact will be phased-out over a period of four years starting 2021.

Our next question asks for any word on dividends?

It is very difficult at this stage to discuss dividends, as this will depend on many factors including our expected profitability for which we don't have clear guidance yet. Also asset growth and the regulatory requirements must be considered. So it's early to discuss, however by year end this will be decided by the board in due course.

Omar Bouhafs Ladies and Gentlemen, if you have any further questions, please type them in the Q&A box in the top right hand of your screen.

Mohamed Ibrahim **We have one more question here on the initiative by Government for principal guarantees for loans to companies impacted by COVID 19?**

So far we didn't receive a final instruction regarding this.

Our next question asks did you mention that provisions based on CBK methodology was lower than that under IFRS 9?

No, I actually mentioned the other way around, that the provision under CBK rules was higher than that under IFRS 9 by approximately 23 million.

Another question on the indication on economic activity post the quarter close starting July.

So far during July we saw a positive trend in terms of consumer spending, and returning to business by companies. Of course we are still living under a partial curfew, so we don't have a full recovery yet. But so far it was promising during July.

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.

A reminder that the presentation slides and transcripts of this call will be published on Boubyan and the Kuwait Boursa Websites within the coming days.

Thank you.

Boubyan Bank Investors Presentation

3M 2020 Results | 6M 2020 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>	3M 2020	3M 2019	Growth %	6M 2020	6M 2019	Growth %
Net Profit to shareholders	10.2	14.6	-30%	17.1	28.9	-41%
Operating Income	41.4	37.2	11%	79.5	73.9	8%
Operating Profit	22.5	22.9	-2%	43.8	45.2	-3%
Total Assets	6,238	4,554	37%	6,131	4,793	28%
Financing Portfolio	4,479	3,405	32%	4,519	3,541	28%
Customer Deposits	4,655	3,794	23%	4,720	3,981	19%
Earnings per share (Fils)	3.4	5.5	-35%	4.8	9.1	-47%

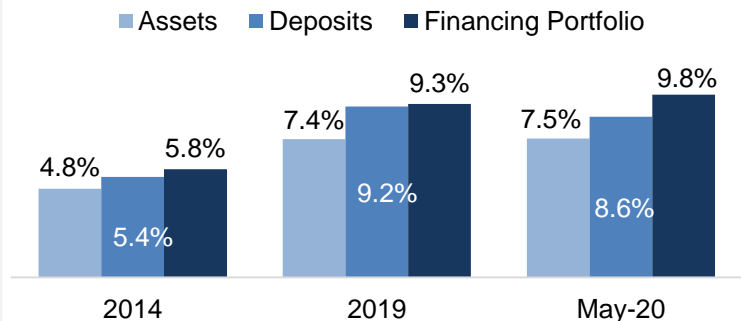
Key Financial Metrics

	3M 2020	3M 2019	Variance	6M 2020	6M 2019	Variance
Return on Average Equity (%)	6.4	13.0	-6.6	5.5	11.1	-5.6
Return on Average Assets (%)	0.7	1.3	-0.6	0.6	1.3	-0.7
Cost to Income (%)	45.6	38.6	7.0	44.9	38.8	6.1
NPL Ratio (%)	0.9	0.9	-	1.2	0.9	0.3
Capital Adequacy Ratio (%)	16.4	17.3	-0.9	16.8	21.3	-4.5

Credit Ratings

Rating Agency	Long Term Rating	Outlook	Date
MOODY'S	A3	Stable	Jun 2020
STANDARD & POOR'S	A-	Stable	Mar 2020
FitchRatings	A+	Stable	Oct 2019

Market share



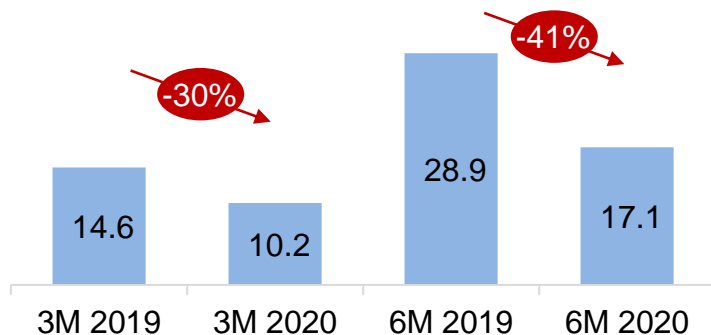
The Bank's strategy builds on robust domestic foundations



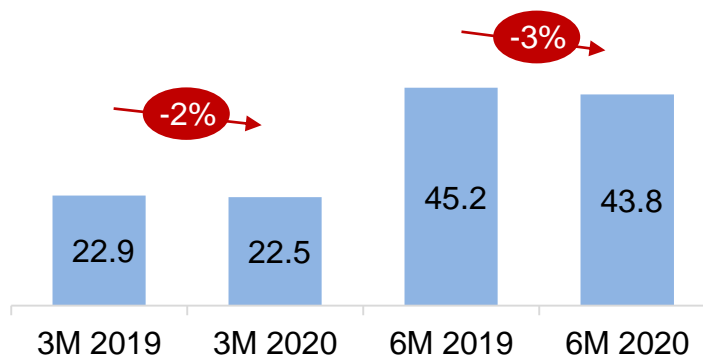
- 1 Boubyan's Performance & Strategy – At a glance
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Profitability and performance ratio

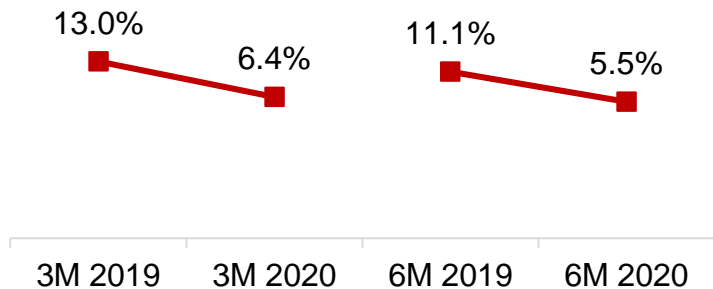
Net profit (KD Million)



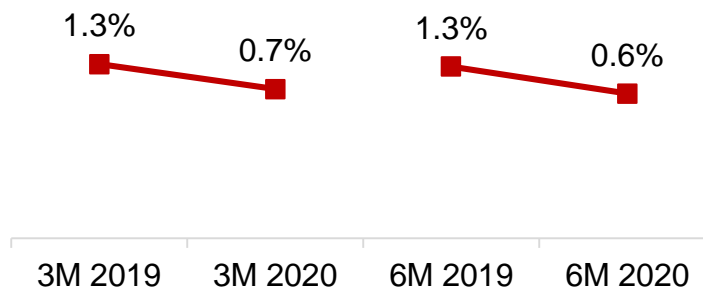
Operating profit (KD Million)



* Return on Average Equity (%)



Return on Average Assets (%)



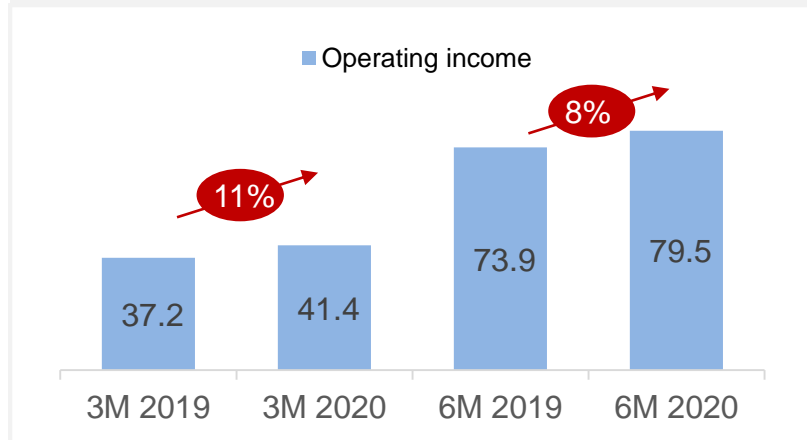
نعمل باتقان

* Return on Average Equity is computed based on shareholders' equity after adjusting the net profit for Tier 1 Sukuk costs.

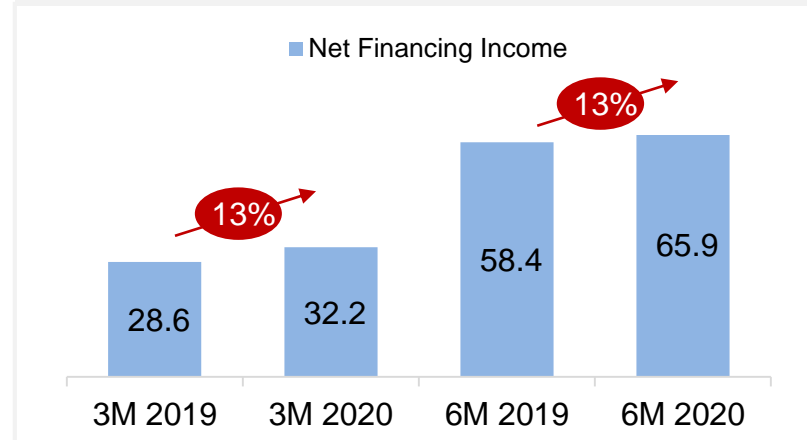
Source: Financial statements, Boubyan analysis

Operating income components and Net Profit Margins

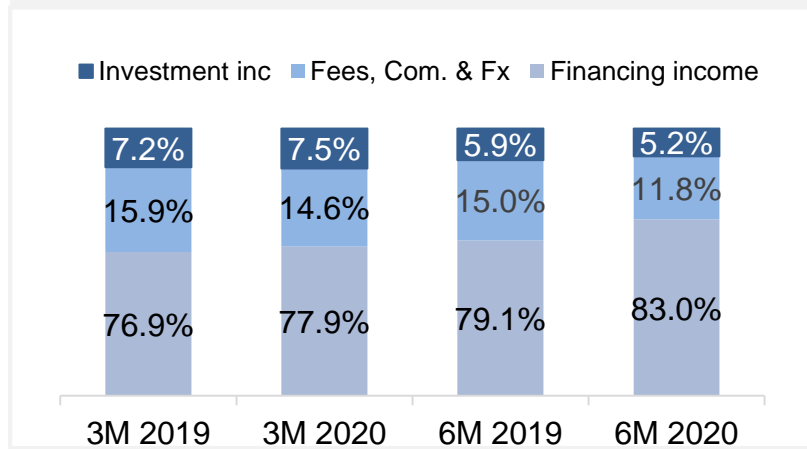
Operating Income (KD Million)



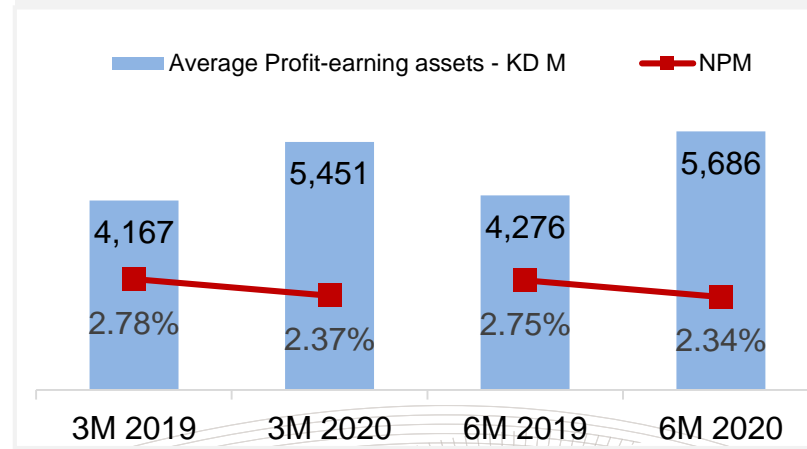
Net Financing Income



Composition on operating income



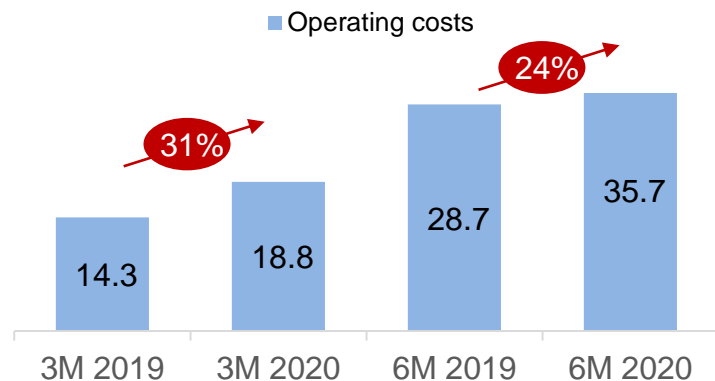
Net Profit Margin %



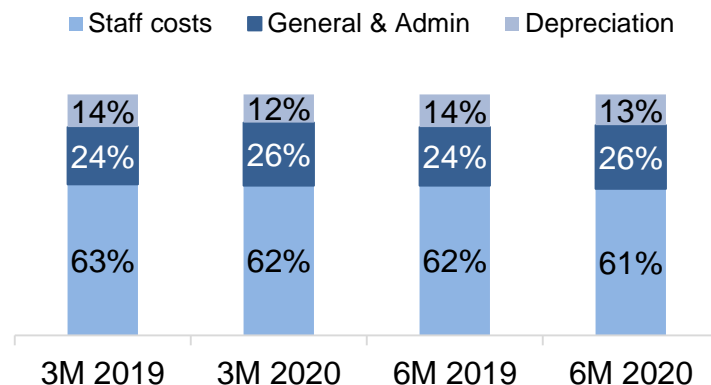
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Operating costs and efficiency

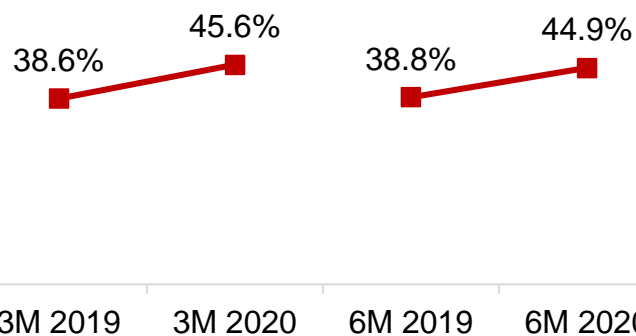
Operating costs (KD Million)



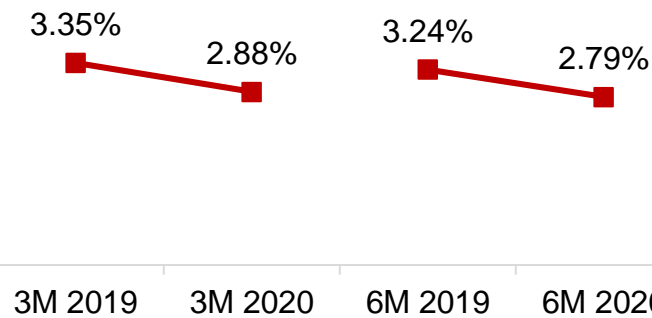
Composition of Operating costs



Operating efficiency (%)

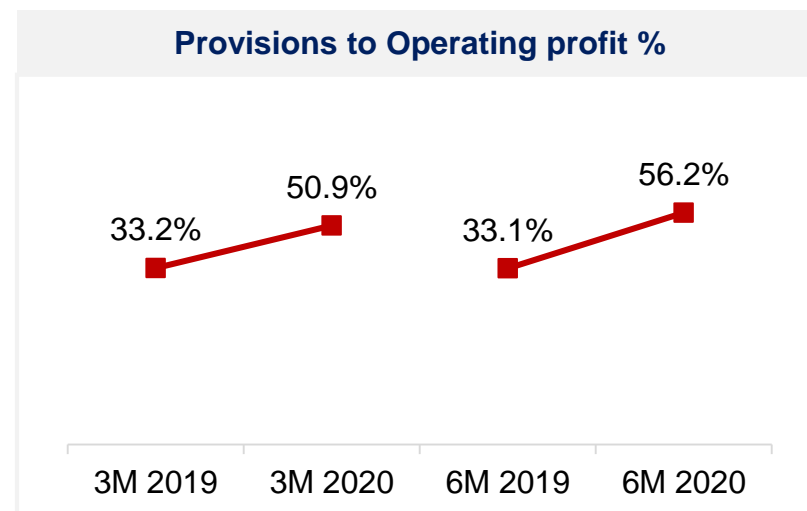
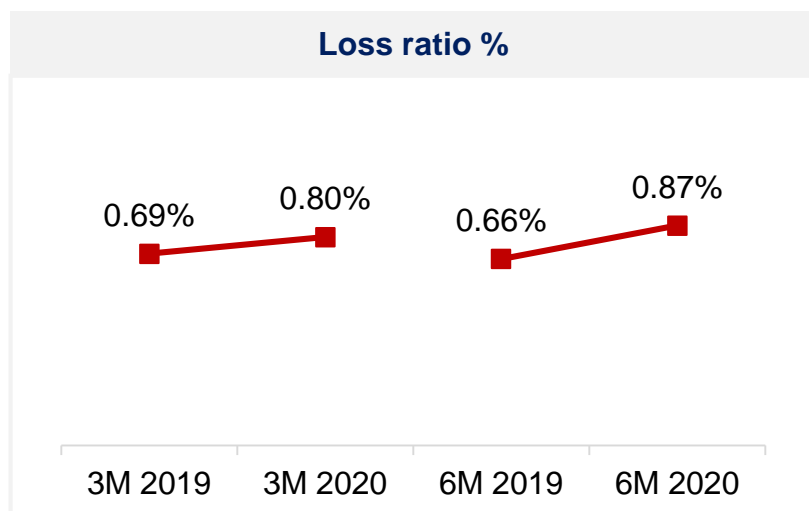
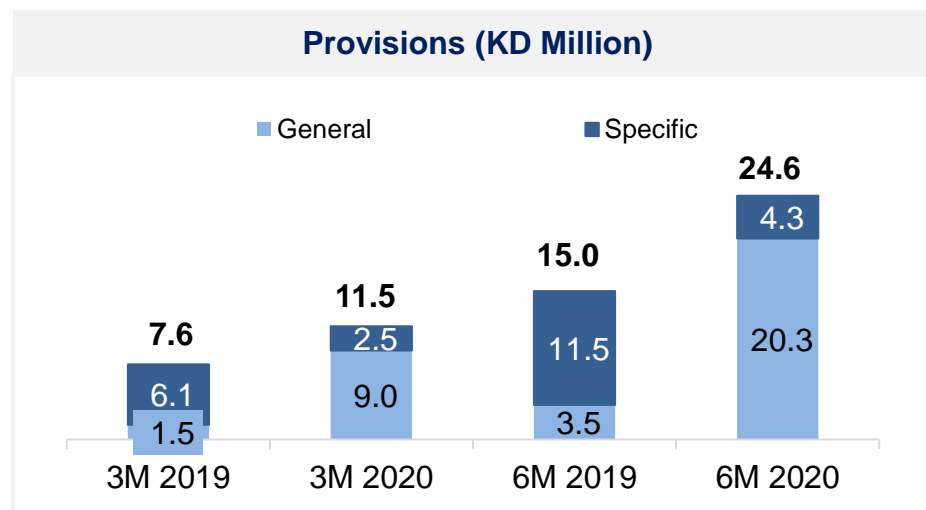


Operating costs to average assets (%)



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Provisions and related ratios

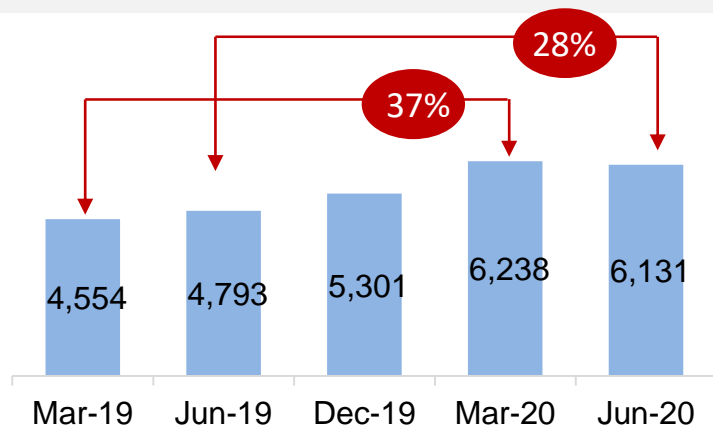


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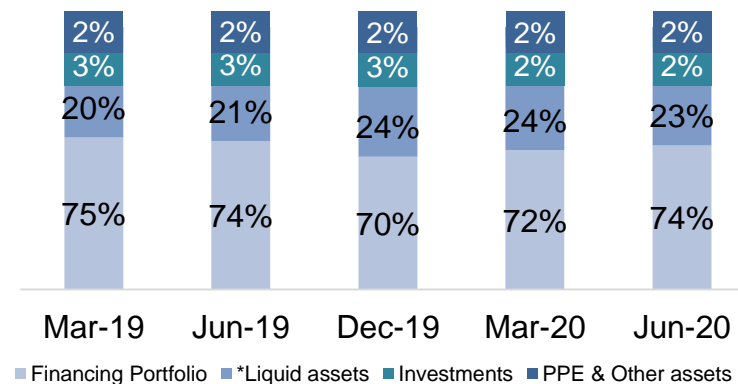
- 1 Boubyan's Performance & Strategy – At a glance
- 2 Income statement analysis
- 3 Balance sheet analysis**
- 4 Capitalisation and Leverage

Assets and Sources of Funding

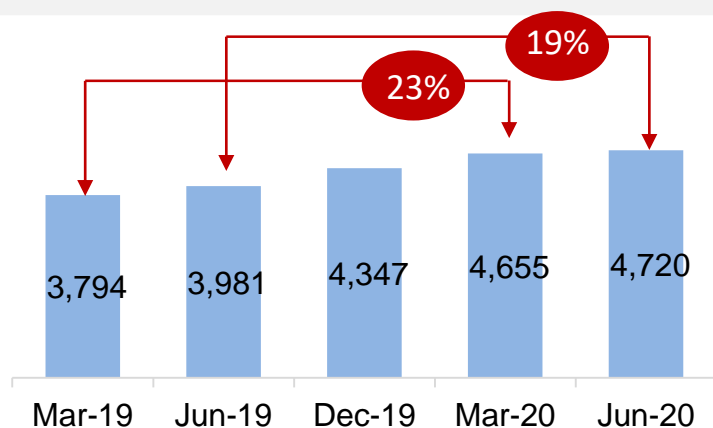
Total assets (KD Million)



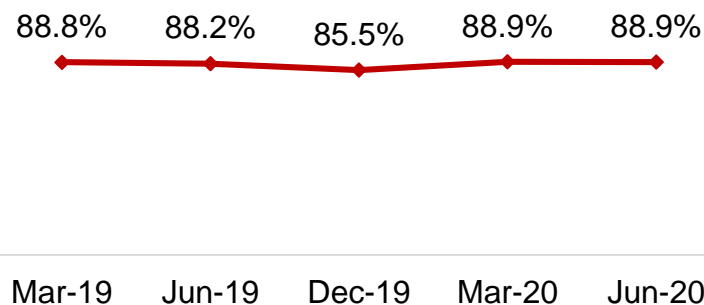
Composition of assets



Total deposits (KD Million)



Financing Portfolio to Deposit Ratio



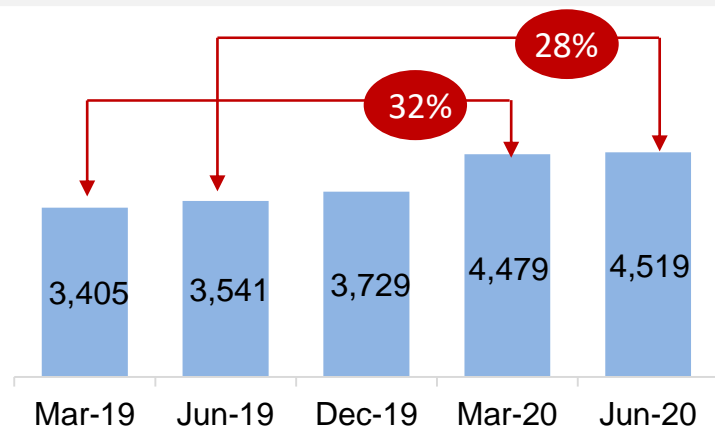
* Liquid assets include cash and balances with banks, Deposits with CBK, Deposits with other banks and Sukuk Investments

Source: Financial statements, Boubyan analysis

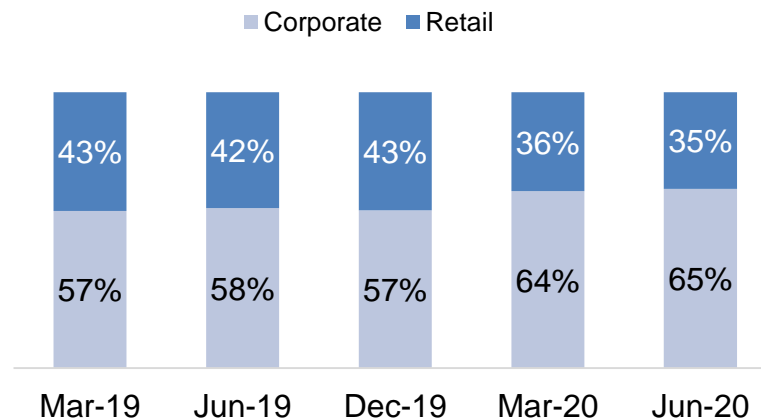
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Financing Portfolio and asset quality

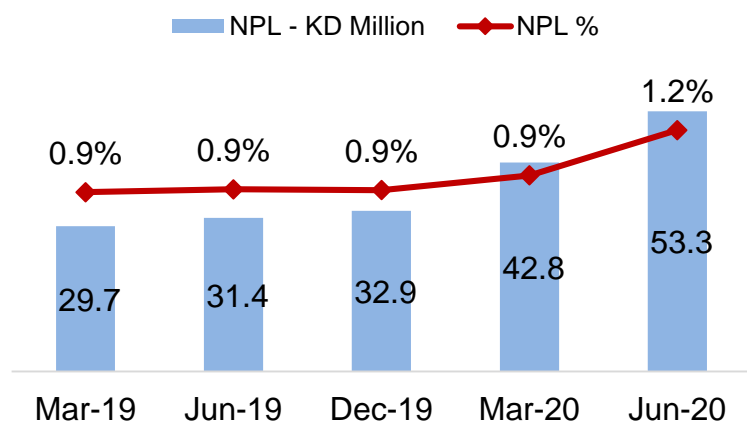
Financing Portfolio – KD Million



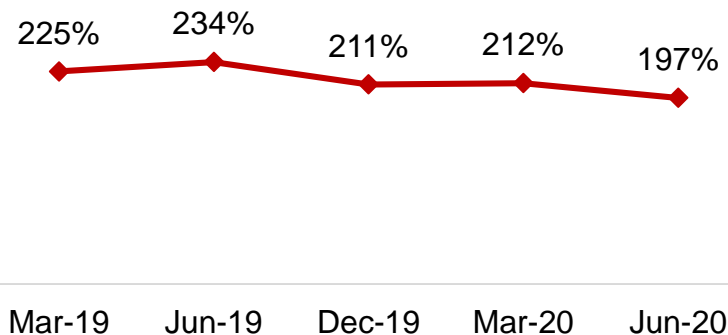
Composition of Financing Portfolio



Non performing Financing Portfolio



Loss Coverage ratio

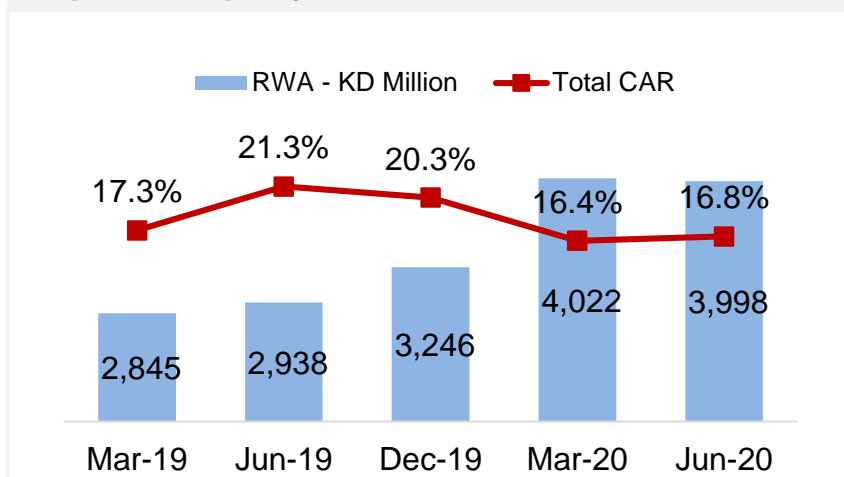


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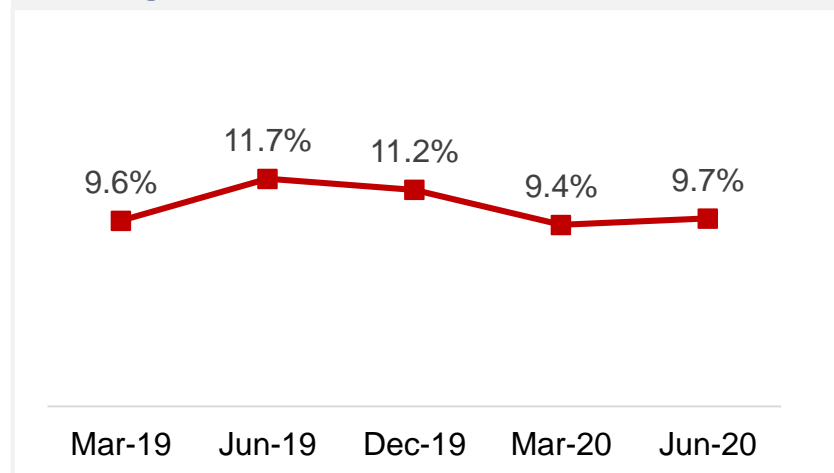
- 1** Boubyan's Performance & Strategy – At a glance
- 2** Income statement analysis
- 3** Balance sheet analysis
- 4** Capitalisation and Leverage

Capital Adequacy

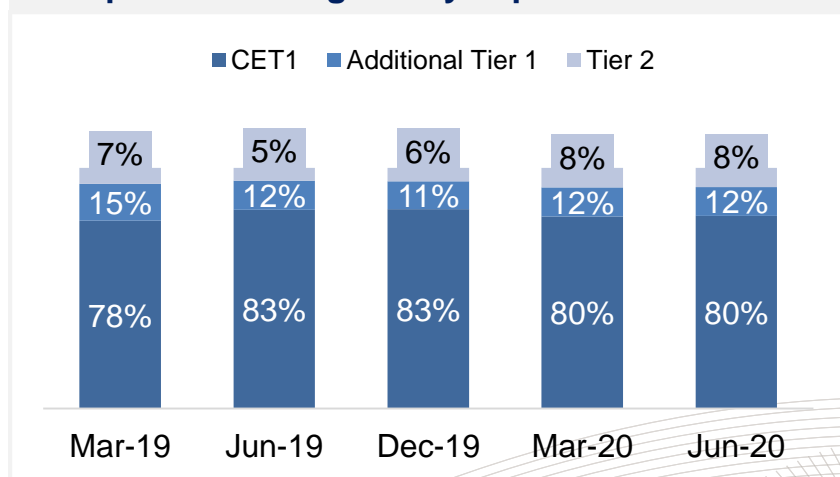
Capital adequacy ratio



Leverage ratio



Composition of regulatory capital



Questions ?

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Appendix

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Consolidated Financial Statements – 6M 2020

CONSOLIDATED STATEMENT OF INCOME	30-Jun	30-Jun
KD Million	2020	2019
Income		
Islamic financing income	113.7	99.8
Financing cost	(47.8)	(41.4)
Net finance income	65.9	58.4
Net investment income	4.1	4.4
Net fees and commission income	6.4	9.3
Net foreign exchange gain	3.0	1.7
Operating Income	79.5	73.9
Expenses		
Staff cost	(21.7)	(17.8)
General and administrative expenses	(9.4)	(7.0)
Depreciation	(4.6)	(3.9)
Total Expenses	(35.7)	(28.7)
Profit before provision for impairment	43.8	45.2
Provision for impairment	(24.6)	(15.0)
Profit before taxes	19.2	30.3
Taxes and board remuneration	(1.6)	(1.4)
Non-Controlling Interests	(0.5)	(0.0)
Net Profit for the year	17.1	28.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30-Jun	30-Jun
KD Million	2020	2019
Assets		
Cash and balances with banks	201	146
Deposits with Central Bank of Kuwait	346	319
Deposits with other banks	296	218
Islamic financing to customers	4,519	3,541
Investments in Sukuks	492	341
Other investment securities	96	77
Investments in associates	4	31
Investment properties	46	25
Other assets	42	24
Property and Equipment	89	71
Total Assets	6,131	4,793
Liabilities and Equity		
Liabilities		
Due to banks	470	128
Depositors' accounts	4,720	3,981
Other liabilities	339	57
Total liabilities	5,529	4,166
Equity		
Share capital	303	288
Share premium	157	157
Treasury shares	(0)	(0)
Statutory reserve	32	25
Other reserves	2	20
Retained earnings	2	58
Equity attributable to equity holders of the bank	496	549
Perpetual Tier 1 Sukuk	75	75
Non-controlling interest	31	2
Total equity	602	627
Total liabilities and equity	6,131	4,793

Consolidated Financial Statements – 3M 2020

CONSOLIDATED STATEMENT OF INCOME	31-Mar	31-Mar
KD Million	2020	2019
Income		
Islamic financing income	57.9	48.8
Financing cost	(25.6)	(20.2)
Net finance income	32.2	28.6
Net investment income	3.1	2.7
Net fees and commission income	3.8	5.0
Net foreign exchange gain	2.3	0.9
Operating Income	41.4	37.2
Expenses		
Staff cost	(11.7)	(9.0)
General and administrative expenses	(4.9)	(3.4)
Depreciation	(2.2)	(1.9)
Total Expenses	(18.8)	(14.3)
Profit before provision for impairment	22.5	22.9
Provision for impairment	(11.5)	(7.6)
Profit before taxes	11.1	15.3
Taxes and board remuneration	(0.7)	(0.6)
Non-Controlling Interests	(0.1)	(0.0)
Net Profit for the year	10.2	14.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31-Mar	31-Mar
KD Million	2020	2019
Assets		
Cash and balances with banks	236	123
Deposits with Central Bank of Kuwait	264	249
Deposits with other banks	586	214
Islamic financing to customers	4,479	3,405
Investments in Sukuks	391	391
Other investment securities	95	24
Investments in associates	5	32
Investment properties	47	24
Other assets	46	23
Property and Equipment	90	70
Total Assets	6,238	4,554
Liabilities and Equity		
Liabilities		
Due to banks	594	205
Depositors' accounts	4,655	3,794
Other liabilities	332	52
Total liabilities	5,581	4,051
Equity		
Share capital	288	239
Share premium	157	63
Treasury shares	(0)	(0)
Statutory reserve	32	25
Other reserves	(12)	21
Retained earnings	60	58
Proposed cash dividends	26	19
Equity attributable to equity holders of the bank	551	425
Perpetual Tier 1 Sukuk	75	75
Non-controlling interest	31	2
Total equity	658	503
Total liabilities and equity	6,238	4,554

Consolidated Income Statement

KD Million	31-Dec 2019	31-Dec 2018	31-Dec 2017
Income			
Murabaha and other Islamic financing income	207.6	182.9	149.4
Distribution to depositors and Murabaha Cost	(88.2)	(62.6)	(46.0)
Net finance income	119.5	120.3	103.5
Net investment income	4.2	1.1	7.9
Net fees and commissions income	16.4	13.4	11.1
Share of results of associates	2.0	1.9	0.6
Net foreign exchange gain	3.7	3.0	2.5
Operating Income	145.8	139.7	125.6
Expenses			
Staff cost	(36.1)	(33.6)	(31.0)
General and administrative expenses	(17.1)	(18.8)	(17.9)
Depreciation and amortization	(7.9)	(4.3)	(3.9)
Total Expenses	(61.1)	(56.8)	(52.9)
Profit before provision for impairment	84.7	83.0	72.7
Provision for impairment	(18.7)	(23.8)	(22.4)
Profit before taxes	66.0	59.1	50.3
Taxes and board remuneration	(3.3)	(2.9)	(2.6)
Non-Controlling Interests	(0.0)	(0.1)	(0.1)
Net Profit for the year	62.6	56.1	47.6

Consolidated Statement of Financial Position

KD Million	31-Dec 2019	31-Dec 2018	31-Dec 2017
Assets			
Cash and balances with banks	232.4	83.8	122.8
Deposits with Central Bank of Kuwait	306.2	244.7	249.2
Deposits with other banks	427.3	237.1	213.8
Islamic financing to customers	3,728.8	3,262.3	3,404.8
Investments in Sukuks	306.3	309.3	390.6
Other investment securities	101.2	73.5	23.9
Investments in associates	33.1	28.9	31.8
Investment properties	46.6	24.0	24.5
Other assets	32.4	24.1	23.0
Property and Equipment	86.2	57.0	69.5
Total Assets	5,300.5	4,344.8	3,970.4
Liabilities			
Due to banks	236.5	97.2	204.7
Depositors' accounts	4,347.2	3,720.9	3,793.9
Other liabilities	63.7	40.7	52.1
Total liabilities	4,647.4	3,858.8	4,050.7
Equity			
Share capital	288.4	238.8	227.5
Share premium	156.9	62.9	62.9
Proposed bonus share	14.4	11.9	11.4
Treasury shares	(0.1)	(0.6)	(1.1)
Statutory reserve	31.8	25.3	19.3
Voluntary reserve	30.5	24.2	18.5
Share based payment reserve	1.0	1.4	1.7
Fair value reserve	0.2	3.5	3.9
Foreign currency translation reserve	(9.5)	(9.9)	(9.3)
Accumulated retained earnings / (losses)	35.8	31.7	24.1
Proposed cash dividends	26.0	19.1	15.9
Equity attributable to equity holders of the bank	575.4	408.3	374.8
Perpetual Tier 1 Sukuk	75.4	75.4	75.4
Non-controlling interest	2.3	2.3	2.2
Total equity	653.2	486.0	452.4
Total liabilities and equity	5,300.5	4,344.8	3,970.4

Thank you

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