

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

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION**

30 SEPTEMBER 2024 (UNAUDITED)

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2024 to 30 September 2024

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)	7-16

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 September 2024, and the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of other comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flow for the nine 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 nine months period ended 30 September 2024 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, and Law No. 7 of 2010 concerning establishment of Capital Markets Authority “CMA” and organization of security activity and its executive regulations, as amended, during the nine months period ended 30 September 2024 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS



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

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

For the period from 1 January 2024 to 30 September 2024

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
Notes	KD'000's	KD'000's	KD'000's	KD'000's
Income				
Murabaha and other Islamic financing income	117,852	102,988	339,190	291,074
Finance cost and distribution to depositors	(66,008)	(58,428)	(191,819)	(163,845)
Net financing income	51,844	44,560	147,371	127,229
Net investment income	3 3,191	3,979	10,267	11,593
Net fees and commission income	5,106	3,472	20,305	18,871
Net foreign exchange gain	1,394	2,022	5,039	5,514
Operating income	61,535	54,033	182,982	163,207
Staff costs	(17,237)	(16,090)	(51,909)	(47,331)
General and administrative expenses	(10,214)	(7,201)	(27,526)	(22,520)
Depreciation	(4,328)	(3,566)	(12,440)	(10,655)
Operating expenses	(31,779)	(26,857)	(91,875)	(80,506)
Operating profit before provision for impairment	29,756	27,176	91,107	82,701
Provision for impairment	4 (4,600)	(9,354)	(14,622)	(25,561)
Operating profit before deductions	25,156	17,822	76,485	57,140
Taxation (charged)/ reversal	5 (1,103)	373	(3,340)	1,545
Net profit for the period	24,053	18,195	73,145	58,685
Attributable to:				
Equity holders of the Bank	23,917	19,827	73,527	61,100
Non-controlling interests	136	(1,632)	(382)	(2,415)
Net profit for the period	24,053	18,195	73,145	58,685
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	6 4.98	3.99	16.07	13.10

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 2024 to 30 September 2024

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD'000's	KD'000's	KD'000's	KD'000's
Net profit for the period	24,053	18,195	73,145	58,685
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	(1,318)	4,553	(1,995)	4,944
Foreign currency translation adjustments	1,144	(1,198)	789	60
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	519	57	(147)	54
Other comprehensive income / (loss) for the period	345	3,412	(1,353)	5,058
Total comprehensive income for the period	24,398	21,607	71,792	63,743
Attributable to:				
Equity holders of the Bank	23,269	24,161	71,397	66,273
Non-controlling interests	1,129	(2,554)	395	(2,530)
Total comprehensive income for the period	24,398	21,607	71,792	63,743

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 September 2024

	<i>Notes</i>	30 September 2024	(Audited) 31 December 2023	30 September 2023
		KD'000's	KD'000's	KD'000's
Assets				
Cash and balances with banks	7	459,279	398,952	457,524
Deposits with Central Bank of Kuwait		174,826	218,997	302,266
Deposits with other banks		39,027	96,228	101,201
Islamic financing to customers	8	6,819,669	6,321,041	6,088,215
Investment in Sukuk	9	1,044,825	886,286	754,101
Other investment securities	9	154,448	156,760	156,002
Investment properties		79,349	73,521	72,431
Other assets		132,204	103,988	125,291
Property and equipment		163,635	149,216	143,950
Total assets		9,067,262	8,404,989	8,200,981
Liabilities and equity				
Liabilities				
Due to banks		176,765	187,206	187,011
Depositors' accounts		7,148,956	6,479,066	6,286,833
Medium term financing	10	501,917	591,680	592,383
Other liabilities		177,463	118,202	124,945
Total liabilities		8,005,101	7,376,154	7,191,172
Equity				
Share capital	19	420,078	396,300	396,300
Share premium		316,942	316,942	316,942
Proposed bonus shares	19	-	23,778	-
Treasury shares	12	(54)	(54)	(54)
Statutory reserve		55,233	55,233	46,761
Voluntary reserve		15,327	15,327	15,327
Other reserves	13	(1,560)	299	1,385
Retained earnings		82,334	15,127	59,739
Proposed cash dividends	19	-	31,700	-
Equity attributable to equity holders of the Bank		888,300	854,652	836,400
Perpetual Tier 1 Sukuk	18	150,385	150,385	150,385
Non-controlling interests		23,476	23,798	23,024
Total equity		1,062,161	1,028,835	1,009,809
Total liabilities and equity		9,067,262	8,404,989	8,200,981



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 2024 to 30 September 2024

	Share capital	Share premium	Proposed bonus shares	Treasury shares	Statutory reserve	Voluntary reserve	Other reserves (note 13)	Retained earnings	Proposed cash dividends	Equity attributable to equity holders of the Bank	Perpetual tier 1 Sukuk	Non-controlling interests	Total equity
	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's	KD'000's
Balance at 1 January 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	-	-	-	-	-	-	-	73,527	-	73,527	-	(382)	73,145
Other comprehensive (loss) / income	-	-	-	-	-	-	(2,130)	-	-	(2,130)	-	777	(1,353)
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	(2,130)	73,527	-	71,397	-	395	71,792
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	-	-	-	-	-	-	-	-	-	-	-	(717)	(717)
Realised loss on equity securities at fair value through other comprehensive income	-	-	-	-	-	-	271	(271)	-	-	-	-	-
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(6,049)	-	(6,049)	-	-	(6,049)
Balance at 30 September 2024	420,078	316,942	-	(54)	55,233	15,327	(1,560)	82,334	-	888,300	150,385	23,476	1,062,161
Balance at 1 January 2023	373,868	316,942	22,432	(54)	46,761	15,327	(3,788)	4,717	22,429	798,634	150,385	30,680	979,699
Profit/(loss) for the period	-	-	-	-	-	-	-	61,100	-	61,100	-	(2,415)	58,685
Other comprehensive income / (loss)	-	-	-	-	-	-	5,173	-	-	5,173	-	(115)	5,058
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	5,173	61,100	-	66,273	-	(2,530)	63,743
Dividends paid (note 19)	-	-	-	-	-	-	-	-	(22,429)	(22,429)	-	-	(22,429)
Issue of bonus shares (note 19)	22,432	-	(22,432)	-	-	-	-	-	-	-	-	-	-
Other movement in non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	(5,126)	(5,126)
Profit paid on Perpetual Tier 1 Sukuk	-	-	-	-	-	-	-	(6,078)	-	(6,078)	-	-	(6,078)
Balance at 30 September 2023	396,300	316,942	-	(54)	46,761	15,327	1,385	59,739	-	836,400	150,385	23,024	1,009,809

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 2024 to 30 September 2024

	Notes	Nine months ended	
		30 September	
		2024	2023
		KD'000's	KD'000's
OPERATING ACTIVITIES			
Net profit for the period		73,145	58,685
Adjustments for:			
Provision for impairment	4	14,622	25,561
Depreciation		12,440	10,655
Dividend income	3	(5,298)	(4,881)
Net gain from financial assets at fair value through profit or loss	3	(1,552)	(2,282)
Net (gain) / loss from sale of debt investments at FVOCI	3	(77)	173
Unrealized gain from change in fair value of investment properties	3	-	(2,068)
Profit on Medium Term Financing		15,866	18,081
Share of results of associates	3	(207)	(168)
Operating profit before changes in operating assets and liabilities		108,939	103,756
Changes in operating assets and liabilities:			
Deposits with Central Bank of Kuwait		31,174	(4,453)
Deposits with other banks		12,180	7,659
Islamic financing to customers		(528,676)	(217,131)
Other assets		(48,964)	1,178
Due to banks		(9,592)	(10,451)
Depositors' accounts		691,586	344,682
Other liabilities		60,421	29,000
Net cash generated from operating activities		317,068	254,240
INVESTING ACTIVITIES			
Purchase of investment securities		(214,973)	(343,051)
Proceeds from sale/redemption of investment securities		66,081	197,901
Proceed from redemption of investment in associates		250	-
Proceeds from sale of investment properties		2,699	1,281
Purchase of investment properties		(7,256)	(37,802)
Purchase of property and equipment		(26,859)	(25,972)
Dividend income received	3	5,298	4,881
Net cash used in investing activities		(174,760)	(202,762)
FINANCING ACTIVITIES			
Profit distribution on perpetual Tier 1 Sukuk		(6,049)	(6,078)
Proceeds from other medium term financing		-	61,490
Redemption and profit paid on medium term financing		(98,173)	(125,480)
Net movement of non-controlling interest		(717)	(5,126)
Dividends paid	19	(31,700)	(22,429)
Net cash used in financing activities		(136,639)	(97,623)
Net change in cash and cash equivalents		5,669	(46,145)
Foreign currency translation adjustments		(3,169)	265
Cash and cash equivalents at beginning of the period		563,708	729,426
Cash and cash equivalents at end of the period	7	566,208	683,546

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 2024 to 30 September 2024

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 nine months period ended 30 September 2024 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 8 October 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

- (a) The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, ‘Interim Financial Reporting’, as amended for point (b) below:
- (b) The interim condensed consolidated financial information have been prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (“CBK”) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards as issued by International Accounting Standards Board (IASB) with the following 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 as adopted by CBK for use by the State of Kuwait’.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023. Further, results for the nine months period ended 30 September 2024, are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 2023. Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2024 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 2024 to 30 September 2024

3. NET INVESTMENT INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD'000's	KD'000's	KD'000's	KD'000's
Dividend income	1,531	1,842	5,298	4,881
Net gain from financial assets at fair value through profit or loss	542	321	1,552	2,282
Net gain / (loss) from sale of debt investments at FVOCI	26	(3)	77	(173)
Net rental income from investment properties	1,065	767	3,133	2,367
Unrealized gain from changes in fair value of investment properties	-	1,090	-	2,068
Share of results of associates	27	(38)	207	168
	3,191	3,979	10,267	11,593

4. PROVISION FOR IMPAIRMENT

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD'000's	KD'000's	KD'000's	KD'000's
Provision charge for Islamic financing to customers	4,557	9,735	14,052	26,341
ECL – Other financial assets	-	(271)	(470)	(670)
Impairment loss on investments and other assets	43	(110)	1,040	(110)
	4,600	9,354	14,622	25,561

5. TAXATION

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD'000's	KD'000's	KD'000's	KD'000's
Contribution to Kuwait Foundation for the Advancement of Sciences (“KFAS”)	225	186	693	574
National Labour Support Tax (“NLST”)	633	511	1,966	1,613
Zakat (Based on Zakat law no: 46/2006)	256	206	795	648
Overseas tax credit	(11)	(1,276)	(114)	(4,380)
	1,103	(373)	3,340	(1,545)

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 adjusted for profit paid on Perpetual Tier 1 Sukuk 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 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD'000's	KD'000's	KD'000's	KD'000's
Net profit for the period attributable to the equity holders of the Bank (KD'000)	23,917	19,827	73,527	61,100
Less: profit payment on Perpetual Tier 1 Sukuk (KD'000)	(3,013)	(3,051)	(6,049)	(6,078)
	20,904	16,776	67,478	55,022
Weighted average number of shares outstanding during the period net of treasury shares (thousands of shares)	4,200,189	4,200,249	4,200,201	4,200,269
Basic and diluted earnings per share attributable to the equity holders of the Bank (fils)	4.98	3.99	16.07	13.10

Earnings per share for the prior period were 4.23 and 13.89 fils before retroactive adjustment to the number of shares following the bonus shares issuance (note 19).

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

For the period from 1 January 2024 to 30 September 2024

7. CASH AND CASH EQUIVALENTS

	30 September 2024	(Audited) 31 December 2023	30 September 2023
	KD'000's	KD'000's	KD'000's
Cash and balances with banks	459,279	398,952	457,524
Placements with banks maturing within seven days	106,929	164,756	226,022
	566,208	563,708	683,546

8. ISLAMIC FINANCING TO CUSTOMERS

	30 September 2024	(Audited) 31 December 2023	30 September 2023
	KD'000's	KD'000's	KD'000's
Islamic financing to customers	7,042,957	6,525,518	6,296,358
Provision for impairment	(223,288)	(204,477)	(208,143)
	6,819,669	6,321,041	6,088,215

The available provision for impairment on non-cash facilities of **KD 3,814** thousands (31 December 2023: KD 3,606 thousands, 30 September 2023: KD 3,573 thousands) is included under other liabilities.

For contingent liabilities, the amounts in the below table represent the amounts committed or guaranteed, respectively. An analysis of the carrying amounts of Islamic financing to customers, and the corresponding expected credit losses based on the staging criteria under IFRS 9 in accordance with CBK regulations is as follows:

	Stage 1 KD'000's	Stage 2 KD'000's	Stage 3 KD'000's	Total KD'000's
30 September 2024				
Islamic financing to customers	6,718,537	251,858	72,562	7,042,957
Contingent liabilities (Note 14)	371,310	80,703	2,742	454,755
Commitments (revocable and irrevocable) to extend credit	1,580,555	109,597	6,729	1,696,881
31 December 2023 (Audited)				
Islamic financing to customers	6,243,034	217,265	65,219	6,525,518
Contingent liabilities (Note 14)	346,618	62,850	2,734	412,202
Commitments (revocable and irrevocable) to extend credit	1,231,674	58,352	1,175	1,291,201
30 September 2023				
Islamic financing to customers	6,024,299	203,560	68,499	6,296,358
Contingent liabilities (Note 14)	328,002	73,196	2,734	403,932
Commitments (revocable and irrevocable) to extend credit	1,157,971	60,974	282	1,219,227

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2024 to 30 September 2024

8. ISLAMIC FINANCING TO CUSTOMERS (continued)

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	Stage 2	Stage 3	Total
	KD 000's	KD 000's	KD 000's	KD 000's
30 September 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	(1,282)	529	753	-
Transfer from Stage 2	1,532	(2,232)	700	-
Transfer from Stage 3	3,935	231	(4,166)	-
(Release)/additional ECL for the period	(5,799)	16,507	5,541	16,249
Amounts written off and recoveries	-	-	4,049	4,049
Foreign currency translation	21	33	135	189
At 30 September 2024	20,541	32,003	39,034	91,578
30 September 2023				
ECL allowance as at 1 January 2023	24,516	16,027	34,768	75,311
Impact due to transfer between stages				
Transfer from Stage 1	(987)	192	795	-
Transfer from Stage 2	1,288	(2,235)	947	-
Transfer from Stage 3	2,739	340	(3,079)	-
(Release)/additional ECL for the period	(5,161)	(229)	19,077	13,687
Amounts written off and recoveries	-	-	(16,659)	(16,659)
Foreign currency translation	61	39	103	203
At 30 September 2023	22,456	14,134	35,952	72,542

9. INVESTMENT SECURITIES

	30 September 2024	(Audited) 31 December 2023	30 September 2023
	KD'000's	KD'000's	KD'000's
Investment in Sukuk	1,044,825	886,286	754,101
Financial assets at fair value through profit or loss	132,570	132,859	131,487
Financial assets at fair value through other comprehensive income	21,344	21,844	21,847
Investment in associates	534	2,057	2,668
	1,199,273	1,043,046	910,103
	30 September 2024	(Audited) 31 December 2023	30 September 2023
	KD'000's	KD'000's	KD'000's
Investment in Sukuk			
Investment in Sukuk- FVOCI	1,025,844	868,306	736,095
Investment in Sukuk- FVTPL	18,981	17,980	18,006
	1,044,825	886,286	754,101
Financial assets at fair value through profit or loss			
Investment in unquoted funds	130,570	132,859	131,487
Managed securities portfolio	2,000	-	-
	132,570	132,859	131,487
Financial assets at fair value through other comprehensive income			
Investment in unquoted equity securities	13,495	13,534	13,077
Investment in quoted equity securities	7,849	8,310	8,770
	21,344	21,844	21,847

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2024 to 30 September 2024

10. MEDIUM TERM FINANCING

	30 September 2024	(Audited) 31 December 2023	30 September 2023
	KD'000's	KD'000's	KD'000's
Global Medium Term Sukuk ("GMTN programme")*	379,597	376,514	375,632
Other medium term financing**	122,320	215,166	216,751
	501,917	591,680	592,383

* 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.

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.

On 18 February 2020, the Bank issued senior unsecured Sukuk amounting to USD 750 million due in February 2025 under the GMTN programme through a wholly owned special purpose vehicle. This Sukuk was issued at 100 per cent of nominal value and carries a fixed profit rate at 2.593% per annum payable semi-annually in arrears.

** Other medium term financing has a tenor of three years and carry a profit rate in the range of 5.8% to 6.2% (31 December 2023: 6.2% to 6.4%, 30 September 2023: 6.2% to 6.4%).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2024 to 30 September 2024

11. RELATED PARTY TRANSACTIONS

Related parties comprise the major shareholders, board of directors, entities controlled by them or under their joint control, associates, key management personnel and their close family members and the Parent Company including their board member, key management personnel, branches, associates and subsidiaries. Balances with related parties arise from commercial transactions in the normal course of business on an arm's length basis and are included within the following financial information captions:

	Number of board members or executive officers			Number of related parties			(Audited)		
	30 September 2024	31 December 2023	30 September 2023	30 September 2024	31 December 2023	30 September 2023	30 September 2024	31 December 2023	30 September 2023
							KD'000's	KD'000's	KD'000's
Islamic financing to customers	10	13	13	8	6	5	70,524	55,819	56,922
Depositors' accounts	25	28	20	38	42	26	13,371	18,277	13,260
Letters of guarantee and letters of credit	-	-	-	3	1	1	2,913	13	13
Murabaha and other Islamic financing income							2,807	2,955	2,119
Finance cost and distribution to depositors							(205)	(420)	(386)
Parent Company									
Due from banks							18,807	28,510	16,339
Due to banks							7,775	73,022	104,025
Depositors accounts							1,750	175	42
Murabaha and other Islamic financing income							710	630	479
Finance cost and distribution to depositors							(1,346)	(2,350)	(1,748)

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

For the period from 1 January 2024 to 30 September 2024

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

Details of compensation to key management comprise the following:

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	KD'000's	KD'000's	KD'000's	KD'000's
Short-term benefits	842	947	2,571	2,777
Post-employment benefits	56	70	382	234
Deferred compensation	268	263	819	791
	1,166	1,280	3,772	3,802

12. TREASURY SHARES

The following table illustrates the details of the treasury shares held by the Bank:

	30 September 2024	(Audited)	
		31 December 2023	30 September 2023
Number of treasury shares	594,987	534,607	534,607
Treasury shares as a percentage of total issued shares - %	0.01416%	0.01349%	0.01349%
Cost of treasury shares – KD thousand	54	54	54
Market value of treasury shares – KD thousand	368	323	323
Weighted average of market value per share – KD	0.595	0.639	0.656

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 2024	13,162	(12,825)	(38)	299
Other comprehensive (loss) / income for the period	(2,142)	12	-	(2,130)
Total comprehensive (loss) / income for the period	(2,142)	12	-	(2,130)
Realised loss on equity securities at fair value through other comprehensive income	271	-	-	271
Balance at 30 September 2024	11,291	(12,813)	(38)	(1,560)
Balance at 1 January 2023	10,613	(13,192)	(1,209)	(3,788)
Other comprehensive income for the period	4,998	175	-	5,173
Total comprehensive income for the period	4,998	175	-	5,173
Balance at 30 September 2023	15,611	(13,017)	(1,209)	1,385

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

For the period from 1 January 2024 to 30 September 2024

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 September 2024	(Audited) 31 December 2023	30 September 2023
	KD'000's	KD'000's	KD'000's
Guarantees	357,709	305,879	305,115
Acceptances and letters of credit	97,046	106,323	98,817
Other commitments	225,209	282,752	173,107
	679,964	694,954	577,039

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
Nine months ended 30 September 2024						
Net financing income	85,472	30,566	9,759	15,754	5,820	147,371
Operating income/(loss)	95,068	37,793	30,991	20,801	(1,671)	182,982
Net profit/(loss) for the period	56,045	29,146	3,426	19,904	(35,376)	73,145
Total assets	<u>2,687,183</u>	<u>3,799,442</u>	<u>790,233</u>	<u>1,624,918</u>	<u>165,486</u>	<u>9,067,262</u>
Total liabilities	<u>4,973,333</u>	<u>561,209</u>	<u>616,085</u>	<u>1,288,439</u>	<u>566,035</u>	<u>8,005,101</u>
Nine months ended 30 September 2023						
Net financing income	75,108	24,382	11,825	11,011	4,903	127,229
Operating income	85,559	30,580	31,129	15,692	247	163,207
Net profit/(loss) for the period	51,883	26,578	6,647	15,102	(41,525)	58,685
Total assets	<u>2,552,178</u>	<u>3,244,808</u>	<u>769,578</u>	<u>1,485,723</u>	<u>148,694</u>	<u>8,200,981</u>
Total liabilities	<u>4,369,344</u>	<u>408,188</u>	<u>650,353</u>	<u>1,204,188</u>	<u>559,099</u>	<u>7,191,172</u>

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

For the period from 1 January 2024 to 30 September 2024

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).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>KD'000's</u>	<u>KD'000's</u>	<u>KD'000's</u>	<u>KD'000's</u>
30 September 2024				
Financial assets at fair value through profit or loss	2,000	130,570	-	132,570
Investment in Sukuk	1,044,825	-	-	1,044,825
Financial assets at fair value through other comprehensive income	7,849	-	13,495	21,344
	<u>1,054,674</u>	<u>130,570</u>	<u>13,495</u>	<u>1,198,739</u>
31 December 2023 (Audited)				
Financial assets at fair value through profit or loss	-	132,859	-	132,859
Investment in Sukuk	886,286	-	-	886,286
Financial assets at fair value through other comprehensive income	8,310	-	13,534	21,844
	<u>894,596</u>	<u>132,859</u>	<u>13,534</u>	<u>1,040,989</u>
30 September 2023				
Financial assets at fair value through profit or loss	-	131,487	-	131,487
Investment in Sukuk	754,101	-	-	754,101
Financial assets at fair value through other comprehensive income	8,770	-	13,077	21,847
	<u>762,871</u>	<u>131,487</u>	<u>13,077</u>	<u>907,435</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:

	<u>At</u>	<u>Change in</u>	<u>Amortization</u>	<u>Transfers</u>	<u>Sale/</u>	<u>Exchange rate</u>	<u>At</u>
	<u>1 January</u>	<u>fair value</u>	<u>KD'000's</u>	<u>KD'000's</u>	<u>redemption</u>	<u>movements</u>	<u>30 September</u>
	<u>KD'000's</u>	<u>KD'000's</u>	<u>KD'000's</u>	<u>KD'000's</u>	<u>KD'000's</u>	<u>KD'000's</u>	<u>KD'000's</u>
30 September 2024:							
Assets measured at fair value							
Financial assets at fair value through other comprehensive income	13,534	-	-	-	(25)	(14)	13,495
	<u>13,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25)</u>	<u>(14)</u>	<u>13,495</u>
30 September 2023:							
Assets measured at fair value							
Financial assets at fair value through other comprehensive income	15,310	-	-	(1,794)	(445)	6	13,077
	<u>15,310</u>	<u>-</u>	<u>-</u>	<u>(1,794)</u>	<u>(445)</u>	<u>6</u>	<u>13,077</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 2024 to 30 September 2024

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 September 2024			31 December 2023 (Audited)			30 September 2023		
	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)	10,200	(13,915)	802,011	22,697	(15,387)	776,047	35,423	(13,804)	691,511
Cross currency swaps	3,422	(1,416)	542,720	786	-	308,795	-	(1,016)	184,775
Forward foreign exchange contracts	10	(2)	17,149	124	(820)	62,842	-	(1)	4,648
	13,632	(15,333)	1,361,880	23,607	(16,207)	1,147,684	35,423	(14,821)	880,934

All of the above Islamic derivative financial instruments are included in Level 2 of fair value hierarchy as at 30 September 2024, 31 December 2023 and 30 September 2023.

18. PERPETUAL TIER 1 SUKUK

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

19. ANNUAL GENERAL ASSEMBLY MEETING

The Annual General Assembly meeting of the shareholders held on 24 March 2024 approved 6% bonus shares (2022: 6%) and a cash dividend of 8 fils per share (2022: 6 fils per share) for the year ended 31 December 2023. The cash dividend paid amounted to **KD 31,700 thousand** (2022: KD 22,429 thousand) and the bonus shares increased the number of issued and fully paid up shares by **237,780,205** shares (2022: 224,320,949 shares) and increase in share capital by **KD 23,778 thousand** (2022: KD 22,432 thousand). The approved bonus shares and cash dividends were distributed on 28 April 2024.