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الإشارة: 2019/4855

To: The General Manager  
Boursa Kuwait

المحترم السيد / المدير العام  
شركة بورصة الكويت

Dear Sir,

السلام عليكم ورحمة الله وبركاته وبعد...

**Minutes of the Analysts' Conference for  
the Financial Year  
Ended December 31<sup>st</sup> 2018**

**محضر مؤتمر المحللين للسنة المالية المنتهية  
في 31 ديسمبر 2018**

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 concerning the continuing 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، والمتعلقة بالالتزامات المستمرة المطلوبة من الشركات المدرجة المصنفة ضمن شريحة -السوق الأول - (Premier Market) والتي تم تصنيف بنك بوبيان ضمنها.

We attach herewith a copy of the minutes of the Analysts' Conference for the financial year ended December 31<sup>st</sup> 2018 held via Live Webcast at 2:00 pm (Local Time) on Thursday, January 24<sup>st</sup> 2019. as per the requirements of the said article.

نرفق لكم نسخة عن محضر مؤتمر المحللين للسنة المالية المنتهية في 31 ديسمبر 2018 الذي انعقد عن طريق بث مباشر على شبكة الأنترنت (Live Webcast) في تمام الساعة الثانية (وفق التوقيت المحلي) من بعد ظهر يوم الخميس الموافق 24 يناير 2019، 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**



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**نعمل باتقان**

## **FY 2018 Boubyan Bank KSCP – Earnings Call**

Edited transcript of Boubyan Bank earnings conference call that took place on Thursday 24 January 2019 at 14:00 Kuwait time

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### **Corporate participants:**

Mr. Adel Al Majed – Vice Chairman & Chief Executive Officer

Mr. Mohamed Ibrahim – Chief Financial Officer

Mr. Omar Bouhafs – Head of Investor Relations

Janany Vamadeva – Arqaam Capital

Janany  
Vamadeva:

Good afternoon everyone, and thank you for joining us today. This is Janany Vamadeva and on behalf of Arqaam Capital I'm pleased to welcome you to Boubyan Bank's financial year 2018 earnings conference call. I have here with me today Adel Majed, Vice Chairman and Chief Executive Officer, Mohamed Ibrahim, Chief Financial Officer, and Omar Bouhafs, Head of Investor Relations. Without any further delay, I will now turn the call over to Omar.

Omar Bouhafs:

Thanks Janany for the introduction and good afternoon everyone and thank you for joining us today on our conference call covering the Bank's performance for the 2018 year.

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

Disclaimer:

Certain statements in this presentation may constitute forward looking statements reflecting the bank's 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 Mr. Adel Al-Majed the Vice Chairman and CEO and followed by a presentation on the Bank's financial performance by Mr. Mohamed Ibrahim the Chief Financial Officer.

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

With that said, I'd like to now hand you over to Mr. Adel Al-Majed, our Vice Chairman and CEO, to take you through a brief update on Boubyan's performance for the 2018 year.

Adel Al Majed

Thank you Omar.

Good afternoon Ladies and Gentlemen. Today, I will provide an overview of the Bank's results for 2018, along with an overview of the Bank's strategy and operating environment.

Overall, we had a very good year with a net profit of KD 56.1 million, an increase of 18%. As you will see, this result is a reflection of our achievement across our key performance targets.

Our financing portfolio and customer deposit's both grew and our returns on average assets and average equity continue to show an increasing trend, while decreasing our cost to income ratio. Our market share in total financing grew to around 8.6% compared to 7.9% one year ago.

The Board of Directors have proposed cash dividends of 8 Fils per share and stock dividends of 5% for the year 2018. The highest since the bank's incorporation in 2004.

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

We opened our 42nd branch this year and we aim to continue opening new branches to grow our market share in our target segments. 2018 saw the introduction of many new services and products first introduced to the Kuwaiti market by Boubyan Bank.

These innovative products are designed to give a superior experience for Boubyan customers and drive our long-term goal of becoming one of the leading Islamic banks in the region.

With regard to ratings, both Moody's and Fitch affirmed overall credit rating of A3 and A+ respectively.

In December we obtained the Central Bank's approval to increase our capital by 15.75% through a rights issuance to support our future growth.

For the operating environment, we believe that the economic indicators remain positive for Kuwait with the recovery of oil prices since last year and expected growth in corporate credit with project awards backed by the Governments Vision 2035 plan.

The low interest rate environment should also benefit growth in 2019 with improvement in consumer sentiment, employment growth and the recent increase to the maximum borrowing limit by Central Bank.

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. Adel and Good afternoon everyone. I am pleased to have this opportunity to take you through our financial results for the financial year 2018. As highlighted by Mr. Adel the Bank had a remarkable year with double-digit growth in profitability which has again well outperformed the market.

As you can see on the top left chart on Page 7, the bank reported a net profit of KD 56.1 million for the 2018 financial year with an earnings per share of 21.4 fils.

That represents an increase of 18% over the 2017 profit of KD 47.6 Million. Operating profit is the main driver for this growth which grew by 14% to KD 83.0 million as shown on the top right chart.

The growth in operating profit is as a result of an 11% increase in operating income, while controlling the growth in operating expenses at just 7%.

The core operating income comprising of net financing income and fee income are the main drivers for the growth in operating income which is consistent with growth in volume and fee based business. We will cover these in more detail later in the presentation.

This growth in profitability has resulted in improving our return on average equity to 13.0% while slightly enhancing the return on average assets to 1.4% over the comparable period in 2017.

Now moving to the operating income components on Page 8, we can see that Operating income for the 2018 year reached KD 139.7 million with an increase of 11%. The main driver for this is the growth in net financing income by 12% to reach KD 120.3 million.

The financing income growth was driven by the growth in average income earning assets by 10% to KD 4.0 Billion compared to 2017 while marginally increasing the net profit margin.

The average net profit margin for 2018 was 3.02% compared to 2.96% in 2017. The Bank's yield in 2018 was 4.59% which was 37 bps higher than in 2017. This increase was offset by the increase in cost of funds by 31 bps. The cost of funds for the year was 1.57%.

Net financing income, which is from core banking business comprises 86% of the operating income and is consistent with last year.

We will now look at the non-financing income 2018.

Fees, commissions and FX income grew by 21% to KD 16.4 million which also contributed to the growth in operating income. This was mainly driven by the growth in non-cash business, asset under management and banking service fees as a reflection of the increase in the corporate and retail customers' base. The percentage of fees and commission income to total operating income increased to 12% from 10% in the same period last year. We consider this an important metric which we actively track and the Bank aims to increase this.

There has been a marginal decrease in the investment income compared to last year mainly due to valuation losses on certain investment properties and loss on de-recognition of an associate during 2018.

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

As you are aware, the Bank is still in a growth phase and we are investing in scaling up our business and transforming our digital and technology infrastructure. With that said, we have been able to control the operating expenses growth at 7%. This has resulted in a reduction in our cost to income ratio to 40.6% with cost to average assets slightly decreasing to 1.36%. The overall composition of operating costs remains consistent with that of last year with staff costs dominating the expenses.

We will now move onto our provisions on slide 10, we can see that the Total impairment provision for 2018 was KD 23.8 Million out of which KD 15.4 Million was financing related. The bank continued its prudent provisioning to maintain the quality of assets and strengthening the balance sheet while maintaining the loss ratio at around 0.6% and total provisions to operating profit at around 28.7%.

We would like to inform you, the Central Bank of Kuwait issued a directive in December 2018 requiring all Kuwaiti Banks to adopt for its provision the higher of the amount under IFRS 9, or under the Central Bank's historical provisioning rules, with the latter being the higher in Boubyan's case, and so forming the basis for the 2018 provision. I would also like to highlight that IFRS 9 provision was KD 50 Million against the provision as per CBK amounting to KD 71 Million giving a buffer of around KD 21 Million.

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

Overall, our total assets grew by 9% Year on Year. This increase was

primarily driven by the growth in financing portfolio that dominates the balance sheet composition and represents 75% of total assets followed by Sukuk Investments.

Liquid assets to total assets ratio is maintained at a comfortable level of around 19%. In general, the composition of total assets is consistent to that of 2017.

Customers' deposits also increased by 9% Year on Year. This is in line with financing portfolio growth of 13%. This growth is mainly from retail and corporate deposits.

The growth in core retail deposits which is well diversified and more stable in nature was around KD 400 Million or 23% growth which is well encouraging and thereby reducing our dependency on government deposits. Retail deposits represents around 64% of the total deposits. This of course reflects the improved brand recognition and successful implementation of our strategy which is based on superior customer services and innovative products.

The bank has maintained its loan to deposit ratio at a comfortable level of approximately 87% compared to the regulatory maximum of 90%.

We now move on to slide 13 to discuss the performance of our financing portfolio.

Our net financing portfolio grew by KD 385 Million Year on Year or 13% against a broader market growth of less than 3.3%.

Corporate financing grew by KD 231 Million or 14% and retail financing grew by KD 164 Million or 12%.

Consumer vs corporate financing ratio is same as that of previous periods and is one of the highest ratios in the market.

Boubyan's NPL ratio continues to be stable at around 0.85% which remains one of lowest in the industry. The Net NPL to loans ratio was around 0.32%.

Our Loss coverage ratio is 252% which is also one of the highest in the industry.

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

The Bank's capital adequacy ratio in 2018 was maintained at a comfortable level of 18.2%, well above the regulatory minimum of

13.5%. However to support the planned business growth and to improve capital related ratios, the board has proposed an increase in capital through a rights issuance. The Bank has obtained approval from CBK and is awaiting other regulatory approvals for a 15.75% increase in the Bank's capital through this issuance at an issue price of 350 fils which includes a premium of 250 fils per share.

Risk Weighted Assets reported a Year on Year growth of 18% which is driven by asset growth of 9% and the regulatory adjustments related to fully phasing out real estate collateral which occurred in 2018.

Regulatory capital mainly comprises of Common Equity Tier 1 which represents 78% of the total capital followed by additional Tier 1 at 15% which is comprised of Boubyan Sukuk that was issued in May 2016. Leverage ratio was 10% which is broadly in line with the market and much higher than the regulatory minimum of 3%.

With this I would like to conclude my briefing on the financial performance for the 2018 year and thank you for your attendance. Now, I would like to handover to the operator for the Q&A session.

Janany  
Vamadeva::

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

Omar Bouhafs:

Ok, our first question is three parts, 1) Could you give us any guidance for 2019e in terms of loan/revenue/net profit growth? And what sectors are you seeing as key growth drivers for Boubyan in addition to retail? Can we expect stronger growth in 2019e after the rights issue in December? 2) Could you talk a bit about the retail segment in Kuwait and how you see growth in 2019? 3) How is the asset quality trending for Boubyan and how comfortable are you with it as you grow in retail?

Mohamed Ibrahim:

The first part regarding the guidance, we are still forecasting 2019 to have very similar growth compared to 2018 in terms of loan portfolio growth. We grew around 13%. So far we are estimating our growth to be in the range of 11% to 14% and for revenue most probably it will follow the same trend because most of our revenue is from core operations including the fees and commission income. So mostly the revenue will follow the revenue growth as of 2018 and for net profit growth we are estimating this to be in the range of 16% to 18% and this is again very similar to previous trend for Boubyan.

Regarding key sectors for growth; still retail and corporate will be the

major contributors and we expect very similar trend as that of 2018 and to have a similar composition. Of course our assumption on corporate growth is based on the projects and governmental spending during 2019.

Of course the right issue will support our growth for 2019 and after and this is the main purpose for the rights issue to make sure that we have enough capital to support our future growth.

For the retail segment in Kuwait during 2018 the market grew by around 7%. We expect a very similar trend for next year. Maybe it will increase to 8 to 9% supported by the recent change in CBK instruction regarding consumer loans.

For the quality of our assets, we believe that our underwriting policy support high quality of assets to be booked in our books for both retail and corporate and we believe this will continue going forward. We don't plan to change our underwriting policy and this is again supported by our prudent provisioning which gave us the edge to have this asset quality going forward.

Omar Bouhafs: Our next question is asking for some colour on the non-loan related provisions

Mohamed Ibrahim: The non-loan related provisions is mainly a provision for our associates. This reflects the performance of one of our associates in Asia and accordingly we took this provision based on very conservative approach. This is how we are enhancing our asset quality and strengthening our balance sheet.

Omar Bouhafs: Our next question is can you elaborate a bit on two points: a) recent increase in borrowing limit by Central Bank b) December directive from the Central Bank regarding provisioning.

Mohamed Ibrahim: For the last quarter we had these two major changes in CBK regulations. The first one was related to consumer finance which increased the limit of consumer loan from KD 15,000 to KD 25,000 and the overall lending to consumer and installment loans increased from KD 70,000 to KD 95,000. As I mentioned, this should contribute to the growth in this sector going forward especially in 2019 when the borrower will be able to top up their loans with these new regulations.

The second part related to provisioning I already covered this. CBK issued a directive regarding provisions which is to start implementing IFRS 9 in Kuwait. However the guidance so far from the Central Bank is that we should continue our regular provisioning and also calculate

the IFRS 9 and whichever is higher will be recorded in our financials. In Boubyan's case the historical CBK provisions were higher. Based on CBK it was around KD 71 Million and for IFRS it was around KD 50 Million and accordingly KD 71 Million was reflected in our financials.

Omar Bouhafs: Our next question is can you please tell us more about the right issue, and its possible timing?

Mohamed Ibrahim: For the rights issue, as we already announced during December we got the approval from Central Bank. Now we are about to get the approval of Capital Markets Authority and we are planning for our next EGM to put this on the agenda. Our next EGM is so far scheduled to be in early March 2019. Still the time has not been fixed but this is the expected timing. After we get EGM approvals we will start our remaining regulatory process with updating our Articles of Association and after this we should open the door for subscription, the expected timing so far will be during April but again this will depend on the process of regulatory approval, EGM approvals and the subsequent registration.

Omar Bouhafs: Our next question is that the December 2018 financial results show that the bank has a clear buffer over IFRS9 ECL, do you think this could mean lower provisioning costs going forward?

Mohamed Ibrahim: For provisioning, our loss ratio during 2018 was 0.6%. This is low compared to the industry and this reflects our asset quality and the way that we underwrite our loans. For 2019 so far we expect very similar trends as long as the current regulation issued by Central Bank is effective which is the higher of the ECL under IFRS 9 or the normal provisioning as per the CBK regulations.

Regarding the last quarter trend, there is some kind of seasonality but I think it is fair to consider the overall 2018 ratio and forecast based on this.

Omar Bouhafs: Our next question is asking if we can also repeat the points we made on pricing.

Mohamed Ibrahim: I am assuming here you are talking about the pricing of our rights issue. Our right issue proposed by our Board and approved by the Central Bank is 350 fils. This includes 250 fils as the share premium per share.

Omar Bouhafs: Our next question is CAR of 18.2% is higher than average, What is the Board's target CAR ratio and in what parts of the business will the additional capital be deployed?

Mohamed Ibrahim: The board decision for the capital increase through the rights issue was

based on our capital plan. Our capital plan takes into consideration the target CAR ratio, but this is not the only driver as we also take into consideration the composition of our capital and also other capital related ratios. So far we believe that operating at 18% is fair, however in order to support future growth the board decided on this capital increase.

As for which part of the business, this will support the overall growth of our balance sheet and the main driver for this growth will be consumer and corporate and we believe this is the required capital for the next three years.

Omar Bouhaf: Our next question is what was the driver of the pickup in net financing income in 4<sup>th</sup> quarter 2018?

Mohamed Ibrahim: The increase in net financing income is driven by the growth in the volume of retail and corporate as well as maintaining our margin. The overall margin for 2018 was 3.02%. However we did a reclassification in the 2018 financials so that our income from sukuk is being classified as part of net-financing income. So whenever you make any trend analysis relating to net financing income you need to consider restating your previous numbers by including sukuk as part of net financing income.

Omar Bouhaf: Our next question is are any particular sectors within the loan portfolio proving problematic?

Mohamed Ibrahim: No, our non-performing loans are diversified across all sectors, we don't have any specific sector of attention. Previously there was some concern about the real estate sector, now the real estate sector is starting to gain and the prices recovered. Our concern was mainly from the income from real estate which is the main source of repayment for the loans, however this sector is now in a positive trend.

Omar Bouhaf: Our next question is What is the cost of risk guidance going forward after the implementation of IFRS9?

Mohamed Ibrahim: We believe with the current regulation, which is the higher of CBK or IFRS 9 our provisioning trend will continue. The current loss ratio of 0.6% we believe reflects the quality of our assets, and our expectation is to continue this trend.

Omar Bouhaf: Our next question is are there any specific targets in the 2020 strategy?

Mohamed Ibrahim: As Mr Adel mentioned in the beginning, our strategy is focused on increasing our footprint in Kuwait and growing our market share. This is across retail and corporate by focusing on specific market segments.

The current market share for financing portfolio grew to 8.6% in 2018 and should continue growing with a similar trend toward 2020.

Omar Bouhafis: Our next question is the financing portfolio for the bank experienced a growth of KD 386 million over 2018. However, the general provision charged during the year was very minimal, amounting to 336 thousand KD. Is there any justification?

Mohamed Ibrahim: Yes, we had a transfer from the general provision to our specific provision of around 4.7 million during 2018. If you normalise this number, the growth in the general provision will reflect the growth in our portfolio

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

# Boubyan Bank Investors Presentation

2018 Results – Analyst Call

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

**2** Income statement analysis

**3** Balance sheet analysis

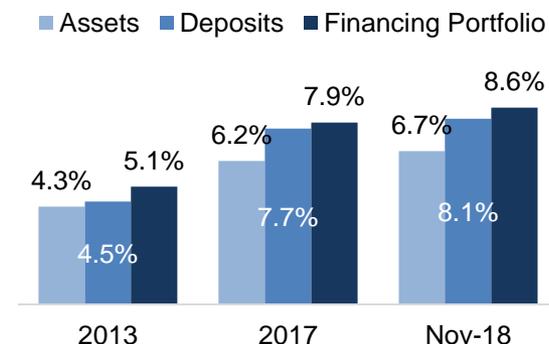
**4** Capital ratios

# Financial Highlights

## Financial snapshot

<i>KD million</i>	2018	2017	Growth %
Net Profit to shareholders	<b>56.1</b>	47.6	18%
Operating Income	<b>139.7</b>	125.6	11%
Operating Profit	<b>83.0</b>	72.7	14%
Total Assets	<b>4,345</b>	3,970	9%
Financing Portfolio	<b>3,262</b>	2,877	13%
Customer Deposits	<b>3,721</b>	3,410	9%
Earnings per share (Fils)	<b>21.4</b>	17.8	20%
Book value per share (Fils)	<b>171</b>	157	9%

## Market share



## Key Financial Metrics

	2018	2017	Variance
Return on Average Equity (%)	<b>13.0</b>	11.8	1.2
Return on Average Assets (%)	<b>1.4</b>	1.3	0.1
Cost to Income (%)	<b>40.6</b>	42.1	(1.5)
NPL Ratio (%)	<b>0.9</b>	0.8	0.1
Capital Adequacy Ratio (%)	<b>18.2</b>	19.4	(1.2)

## Credit Ratings

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

# The Bank's strategy builds on robust domestic foundations

## Strategic objectives

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**Scale up the  
core domestic  
business**

### Retail banking

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

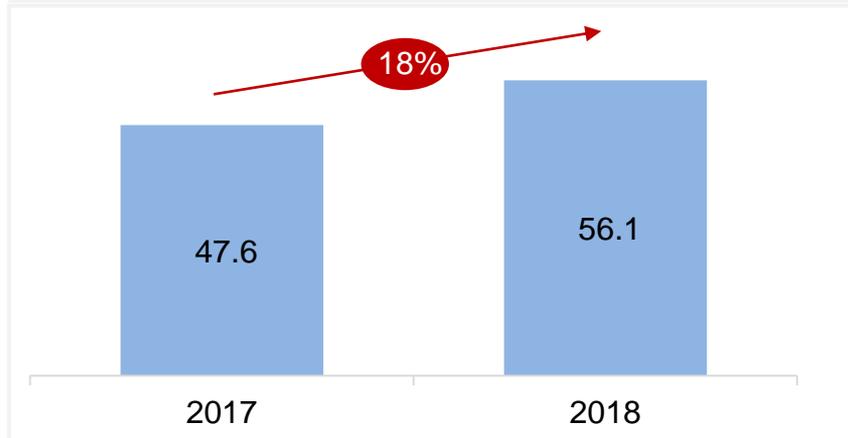
### Corporate banking

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

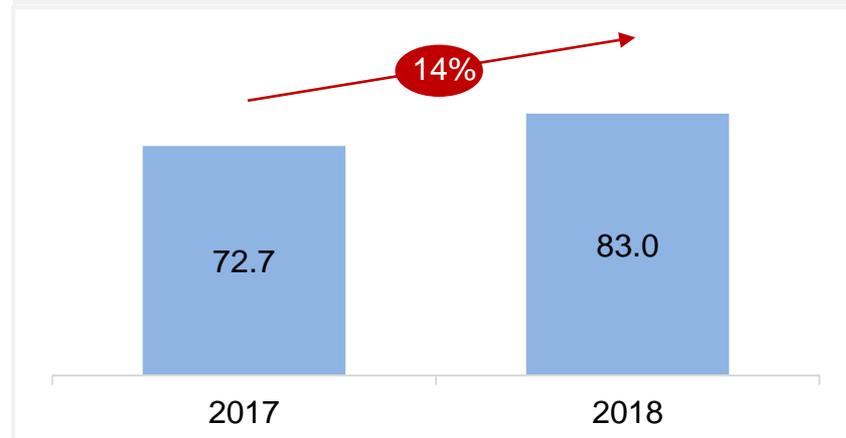
- 1 Boubyan's Performance & Strategy – At a glance
- 2 Income statement analysis**
- 3 Balance sheet analysis
- 4 Capital ratios

## Profitability and performance ratio

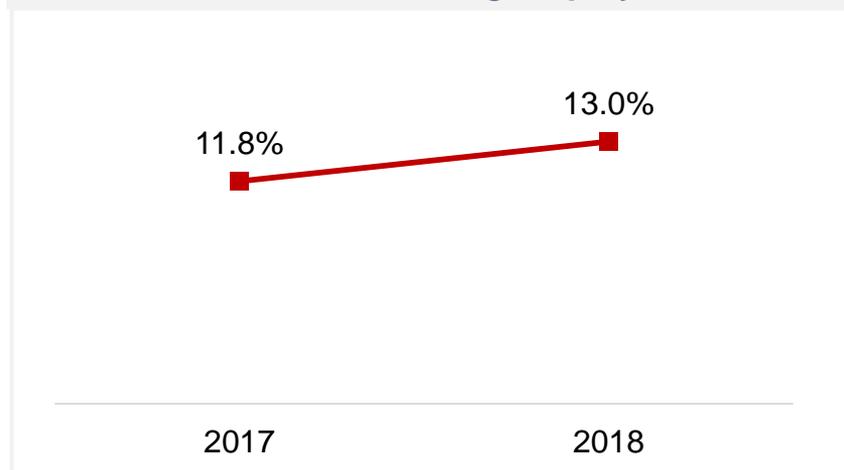
Net profit - KD Million



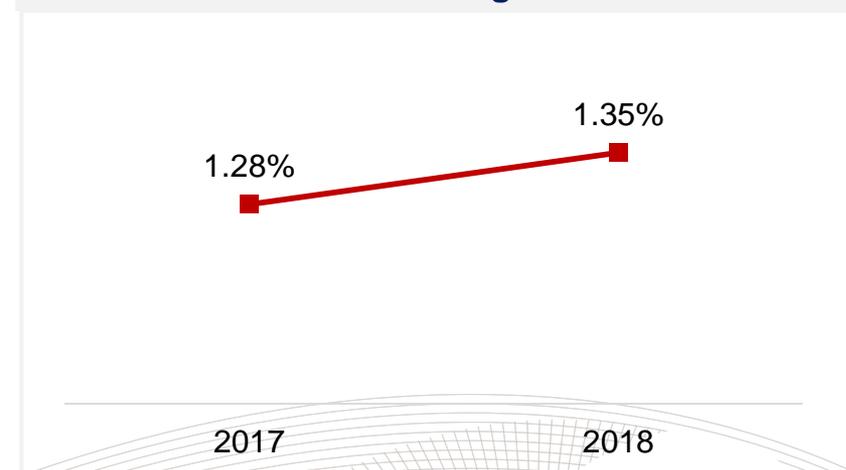
Operating profit - KD Million



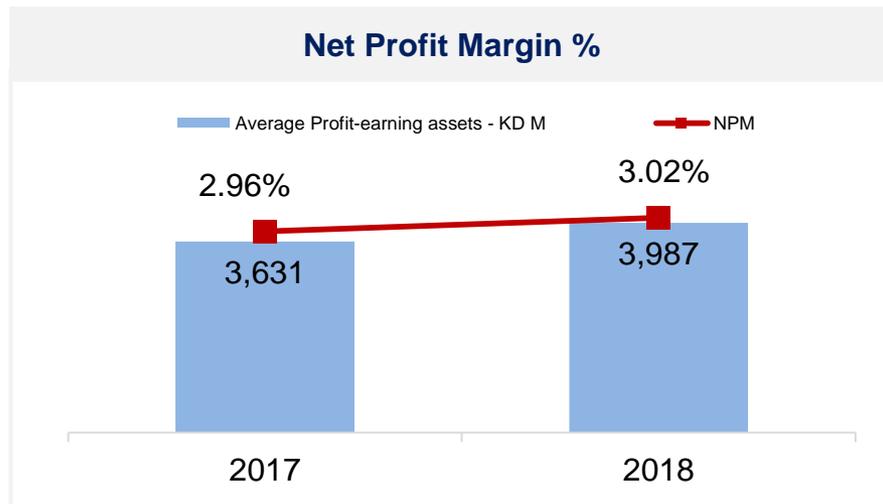
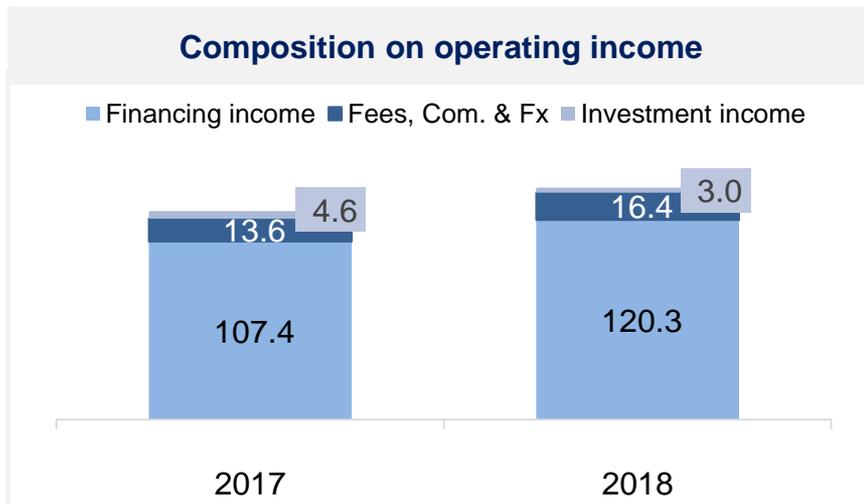
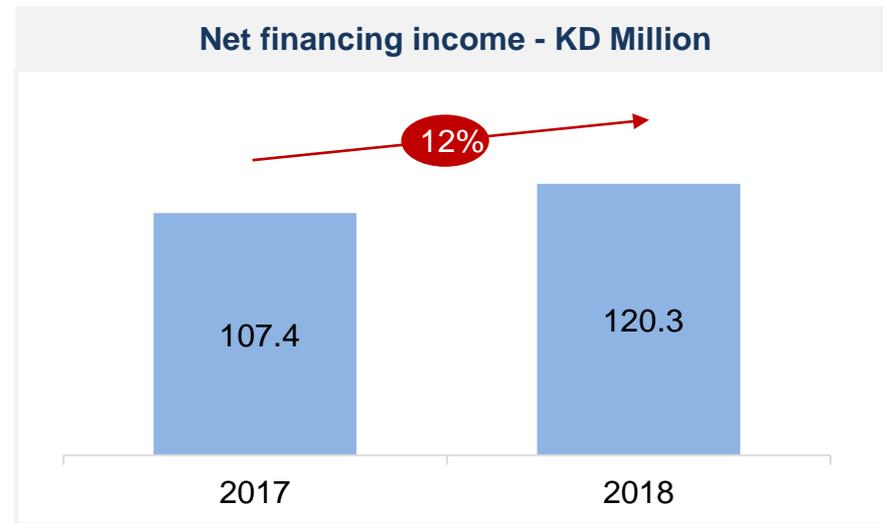
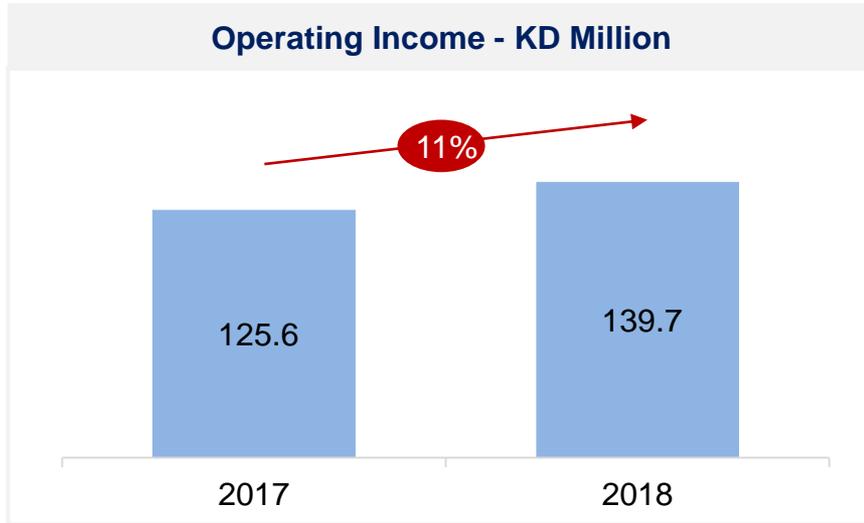
Return on average equity



Return on average assets

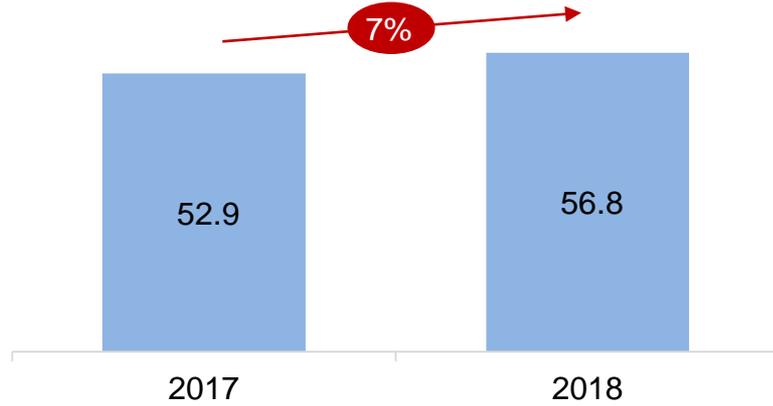


## Operating income components

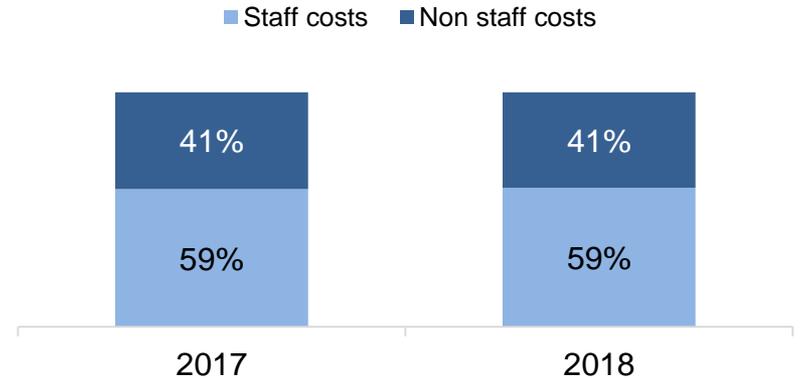


## Operating costs and efficiency

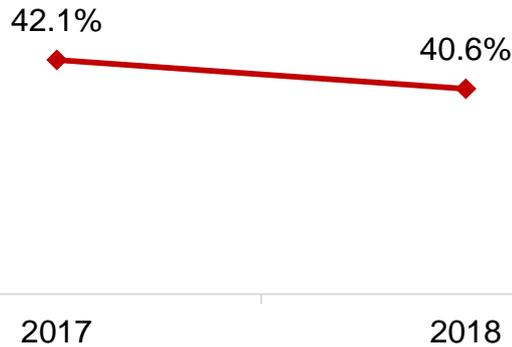
Operating costs - KD Million



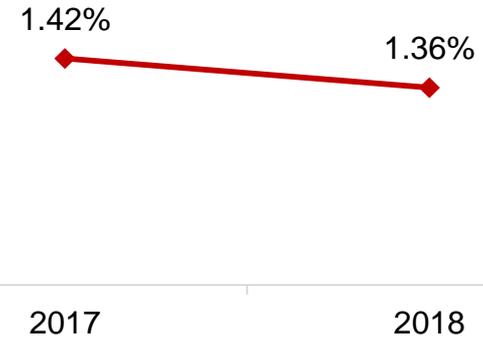
Composition of Operating costs



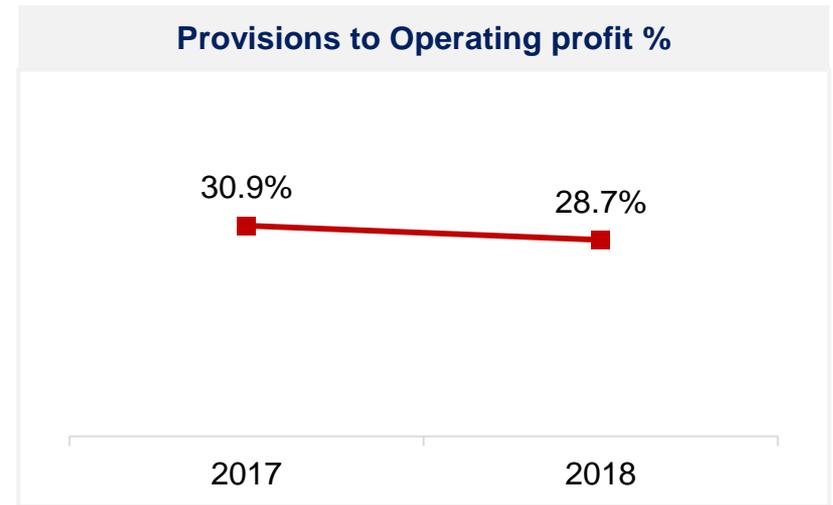
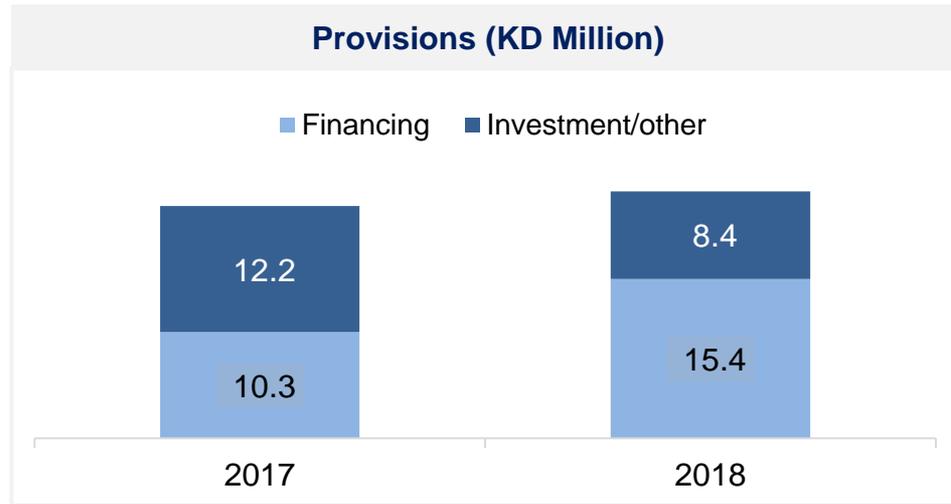
Operating efficiency – Cost to Income Ratio



Operating costs on average assets

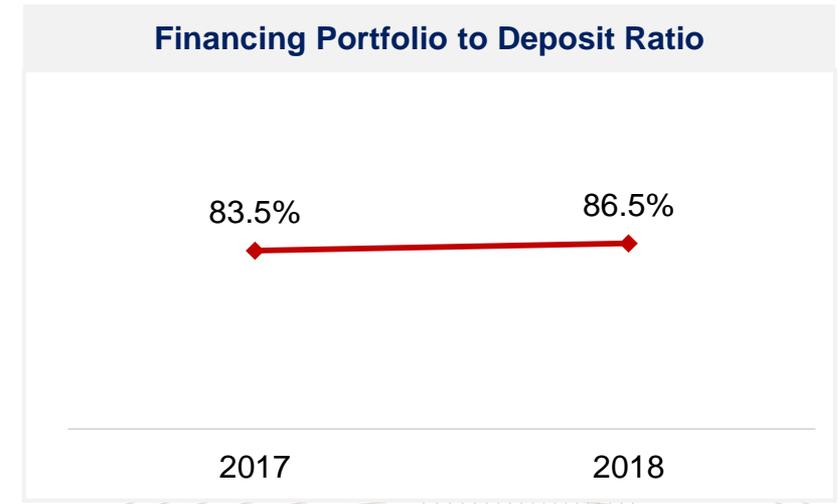
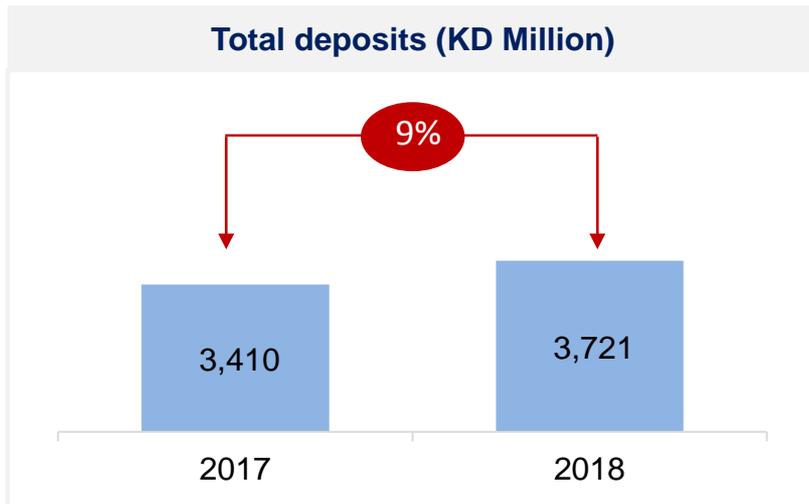
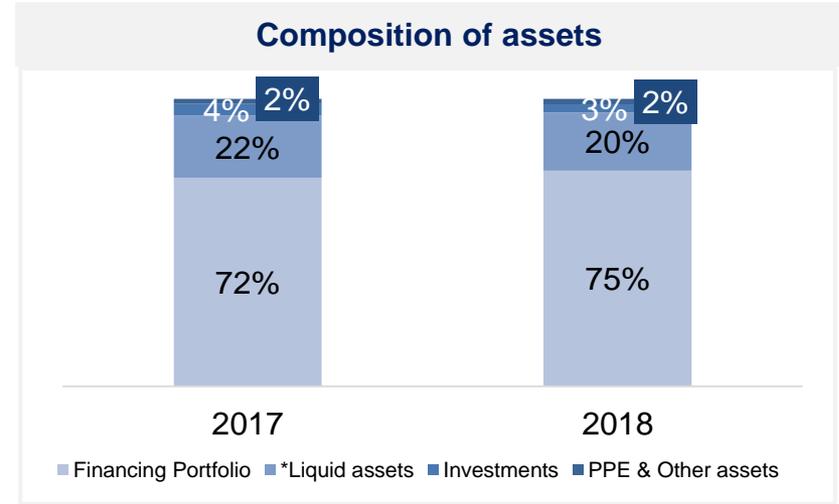
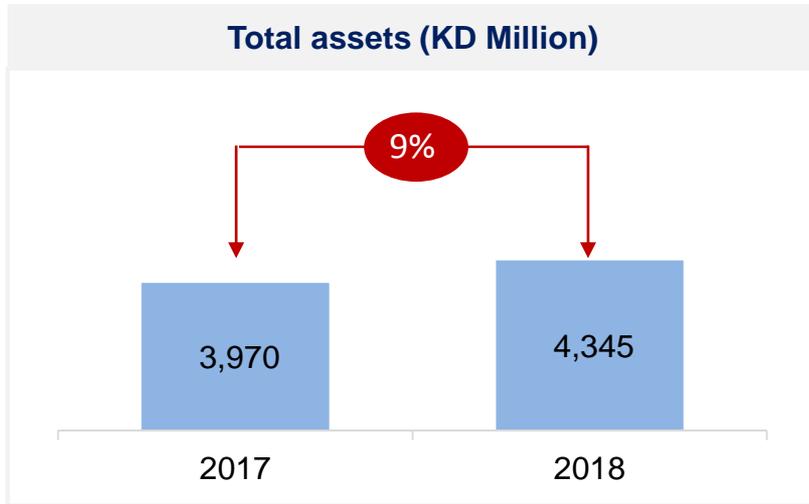


## Provisions and related ratios



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

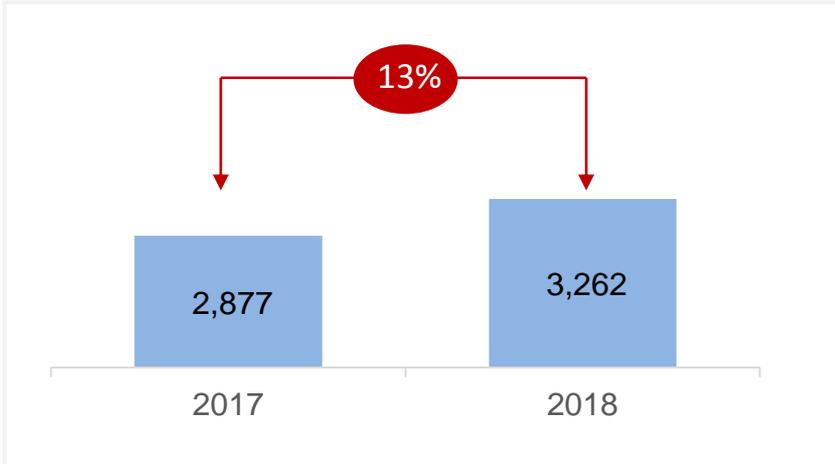
# Assets and Sources of Funding



\* Liquid assets include cash and balances with banks, Deposits with CBK, Deposits with other banks and Sukuk Investments  
Source: Financial statements, Boubyan analysis

# Financing Portfolio and asset quality

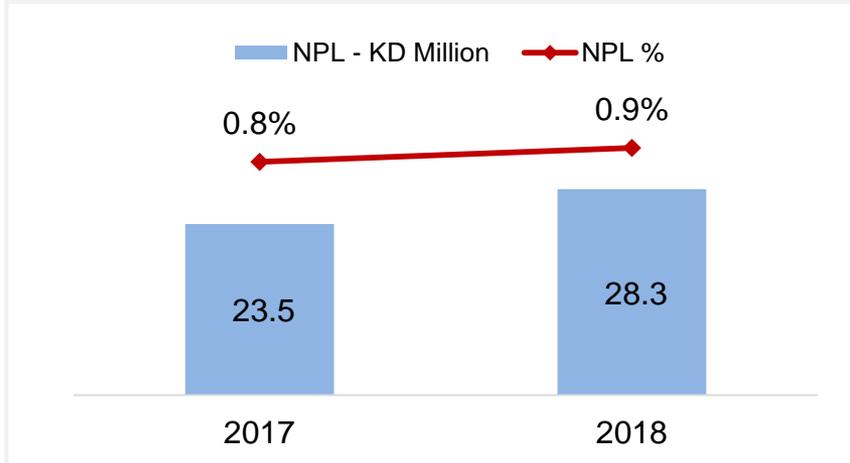
## Financing Portfolio – KD Million



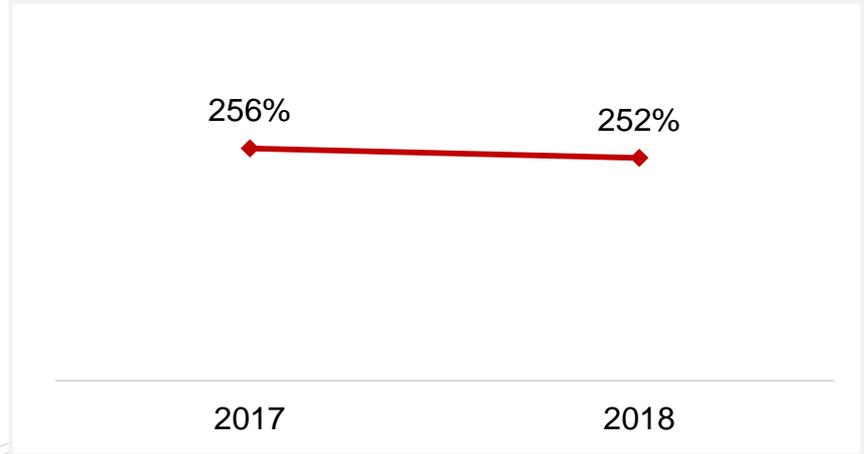
## Composition of Financing Portfolio



## Non performing Financing Portfolio



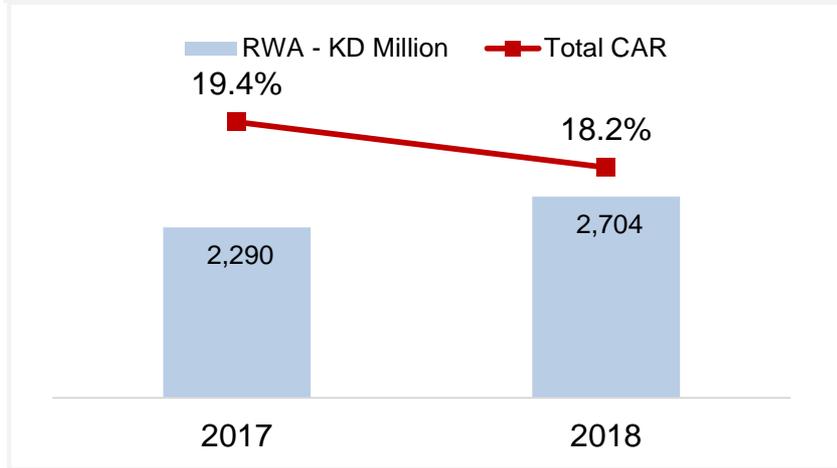
## Loss Coverage ratio



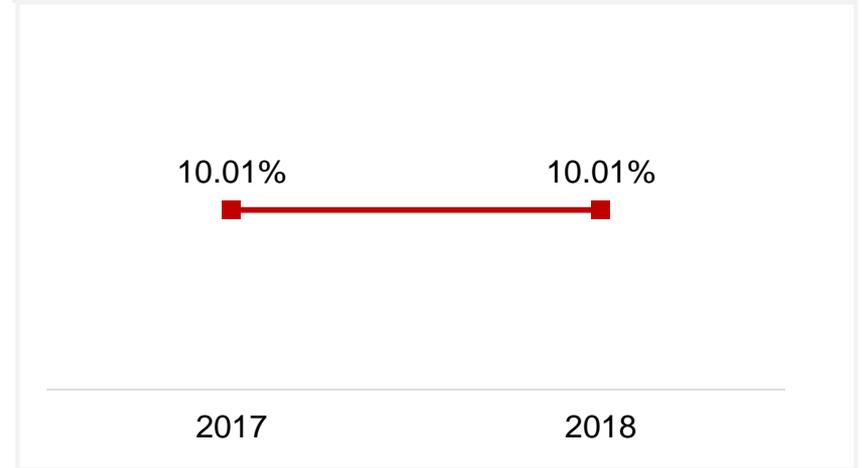
- 1** Boubyan's Performance & Strategy – At a glance
- 2** Income statement analysis
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- 4** Capital ratios

# Capital ratios

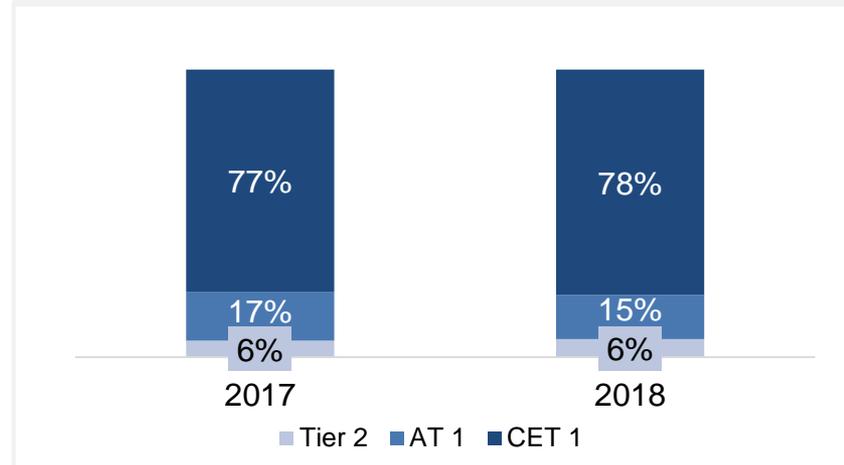
## Capital adequacy ratio



## Leverage ratio



## Composition of regulatory capital



Questions ?

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# Appendix

# Consolidated Financial Statements 2018

CONSOLIDATED STATEMENT OF INCOME	31-Dec	31-Dec
KD Million	2018	2017
<b>Income</b>		
Islamic financing income	182.9	153.3
Financing cost	(62.6)	(46.0)
<b>Net finance income</b>	<b>120.3</b>	<b>107.4</b>
Net investment income	1.1	4.0
Net fees and commissions income	13.4	11.1
Share of results of associates	1.9	0.6
Net foreign exchange gain	3.0	2.5
<b>Operating Income</b>	<b>139.7</b>	<b>125.6</b>
<b>Expenses</b>		
Staff cost	(33.6)	(31.0)
General and administrative expenses	(18.8)	(17.9)
Depreciation and amortization	(4.3)	(3.9)
<b>Total Expenses</b>	<b>(56.8)</b>	<b>(52.9)</b>
<b>Profit before provision for impairment</b>	<b>83.0</b>	<b>72.7</b>
Provision for impairment	(23.8)	(22.4)
<b>Profit before taxes</b>	<b>59.1</b>	<b>50.3</b>
Taxes and board remuneration	(2.9)	(2.6)
Non-Controlling Interests	(0.1)	(0.1)
<b>Net Profit for the year</b>	<b>56.1</b>	<b>47.6</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31-Dec	31-Dec
KD Million	2018	2017
<b>Assets</b>		
Cash and balances with banks	84	49
Deposits with Central Bank of Kuwait	245	310
Deposits with other banks	237	324
Islamic financing to customers	3,262	2,877
Investments in Sukuks	309	181
Other investment securities	74	52
Investments in associates	29	53
Investment properties	24	54
Other assets	24	17
Property and Equipment	57	54
<b>Total Assets</b>	<b>4,345</b>	<b>3,970</b>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Due to banks	97	67
Depositors' accounts	3,721	3,410
Other liabilities	41	40
<b>Total liabilities</b>	<b>3,859</b>	<b>3,518</b>
<b>Equity</b>		
Share capital	239	227
Share premium	63	63
Proposed bonus shares	12	11
Treasury shares	(1)	(1)
Statutory reserve	25	19
Voluntary reserve	24	19
Share based payment reserve	1	2
Fair value reserve	4	4
Foreign currency translation reserve	(10)	(9)
Accumulated retained earnings / (losses)	32	24
Proposed cash dividends	19	16
<b>Equity attributable to equity holders of the bank</b>	<b>408</b>	<b>375</b>
Perpetual Tier 1 Sukuk	75	75
Non-controlling interest	2	2
<b>Total equity</b>	<b>486</b>	<b>452</b>
<b>Total liabilities and equity</b>	<b>4,345</b>	<b>3,970</b>

# Consolidated Income Statement

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

# Consolidated Statement of Financial Position

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

Thank you

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