

Gulf Bank

Investors Presentation

1st Quarter 2024



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At a Glance 1st Quarter 2024

Gulf Bank is one of the leading Conventional banks in Kuwait

1960

Founded

1984

Listed on
Kuwait Stock
Exchange

50+

Branches
across
Kuwait

7.3

KD Billion
Total Assets
31 Mar 2024

Shareholder information

Gulf Bank Index Landscape



Listed in Bursa Kuwait
Under Premier Market



FTSE Russell Emerging
Markets Index since
September 2017

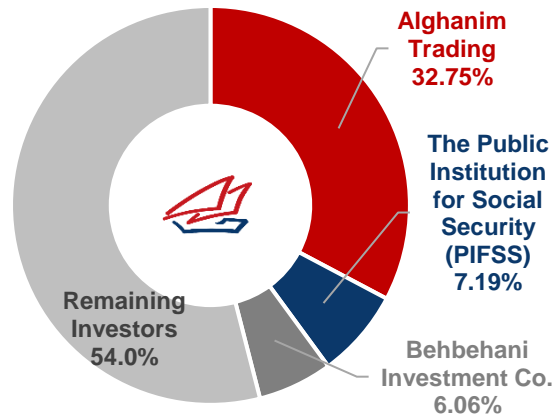


S&P DJI Emerging Market
Index since December 2018



MSCI Emerging Market
Index since November 2020

Ownership Structure as of 31 Mar 2024



Ticker	GBK
ISIN	KW0EQ0100028
Number of Shares Issued	3,621,430,571
Market Cap as of 31 Mar 2024	KD 1,068 Million
Gulf Bank Market Cap Weight in Bursa Kuwait	2.5%

Our Business Model

Consumer Segment

Our Consumer Banking serves a broad range of customer segments, offering customer-centric solutions and a unique experience tailored to each customer segment. Our diversified product offering includes personal loan options, credit and debit cards, and deposits.

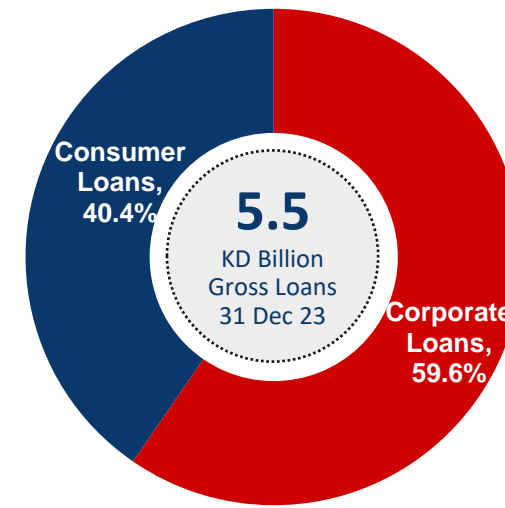
Corporate Segment

Our Corporate and Bank segment has a comprehensive suite of wholesale, commercial and Small and Medium Enterprise (SME) banking products and services. These include structured finance, project finance, transaction banking, Advisory / Corporate Finance and Investment Banking, Merchant Banking and Cards.

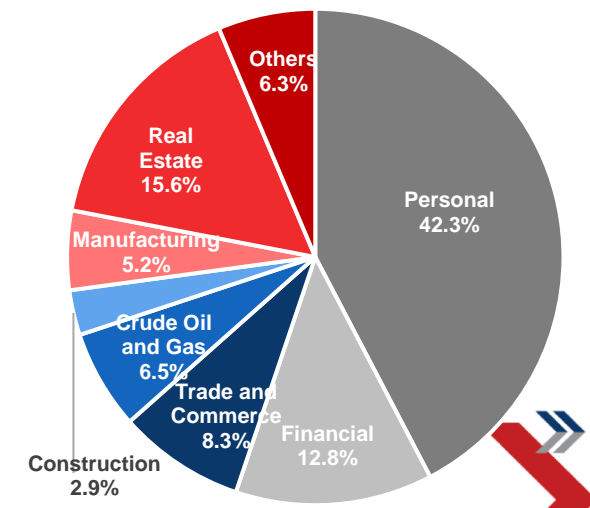
Treasury and Investment

Our Treasury focus is to optimize the balance sheet's efficiency, managing the Bank's liquidity while supporting asset growth and sufficient buffers to meet regulatory requirements. Our Investment Services manages the Bank's proprietary investment and offer investment products to clients.

Gross Loans by Segment⁽¹⁾



Gross Loans by Sector⁽²⁾



(1) Note 24 A in Financial Statement – Credit Quality by class of financial assets and Financial assets individually impaired by segment as of 31 December 2023;

(2) Note 12 A in Financial Statement – Based on the primary purpose of the loans and advances given to customers as of 31 December 2023.



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Gulf Bank Strategy 2025

Gulf Bank's strategy is based on simple and innovative services that facilitate customers' lives and achieve sustainable growth, with the aim of cementing the Bank's position as the leading Kuwaiti Bank of the Future. The Bank new strategy aims to provide customers with an unprecedented banking experience in Kuwait, based on digital transformation processes already underway both at the customer service level and internal operations level. The focus of Strategy '2025' is on:

- Promoting selective growth in the corporate banking and SME segment by expanding our product range and services;
- Growing Consumer banking market share, while supporting the youth, women and affluent client segments; and
- Developing the Bank's digital banking platforms in order to improve services and increase competitiveness.

Strategic Foundation

People

Foster a performance-driven culture based on meritocracy and engagement

Technology

Introduce technology solutions to enable a bank wide digital transformation

Risk

Adopt world-class Risk Management practices

Digital Transformation Strategic Focus



1

Digitization of Operations

- ▶ Use Advance Data Science to improve engagement with customers and grow market share.
- ▶ Upgrade of the Core Banking System, which will introduce new products, services and features including Omni-channel initiative.
- ▶ Install new Treasury System to cater for the Full Treasury Trade Cycle and introduce new automation, products, robust credit and market risk limits monitoring, in addition to seamless operational back-office services.
- ▶ Optimize physical branch network utilizing the Banks' digital transformation journey.

2

Tailored Customer Offerings

- ▶ Improve sales and service levels by identifying profitable segments under consumer banking.
- ▶ Develop business with the affluent segment by providing premium services.
- ▶ Expand product range, transaction banking, corporate finance and include small and mid-sized enterprises.
- ▶ Expand footprint outreach in-line with Kuwait Vision 2035 "New Kuwait".



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Value Creation Business Model: Leverages the Banks Strength and Capabilities to Create Sustainable Value to All Stakeholders.



(1) All figures are either as of 1st Quarter 2024 or as on 31 March 2024. (2) All figures are either as of year end 2023 or as on 31 December 2023.



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Sustainability at Gulf Bank

Our Commitment

Our ESG commitment is not a static endeavor. As such, Gulf Bank will continue to measure, monitor, and report on the ESG 2030 progress, striving for continuous improvement and transparency. We understand that achieving our ESG commitment requires collective effort and collaboration. We will engage with our stakeholders, actively seek their input, and incorporate their feedback, together with our employees, customers, investors, regulators, and various stakeholders - we embark on a journey toward a more sustainable, ethical, and prosperous future.

To this end we are committed to:

- Becoming the leader in providing our stakeholders with innovative services and financing solutions that foster sustainable growth
- Operating responsibly, while upholding the highest ethical values
- Harnessing technology and innovation, to enhance the experience of our customers and become more accessible
- Fostering an equitable work environment that supports the welfare and development of our people
- Minimizing our environmental stewardship by adopting and promoting environmentally friendly practices
- Giving back to and empowering the community we operate in.

Our ESG Statement

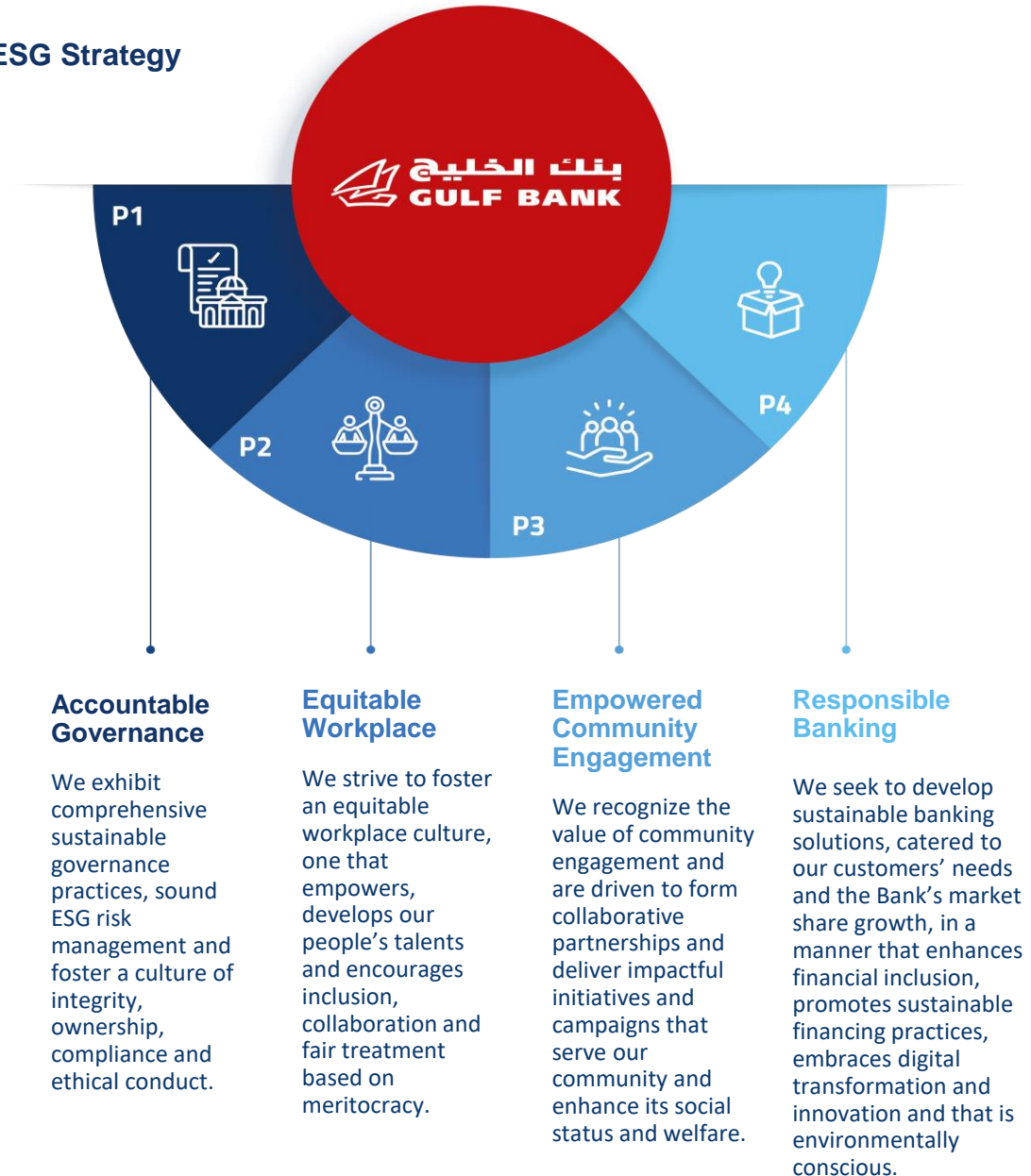
As we navigate the complex and ever-evolving financial landscape, we recognize that ESG considerations are integral, and that sustainable development is essential to the community's prosperity. We are dedicated to driving positive change by aligning our business objectives with the principles of Environmental, Social, and Governance (ESG) excellence. At Gulf Bank, we consider our ESG 2030 as a proactive mechanism to uphold the values that guide our directions.

This strategy document outlines our vision for a sustainable future—one where responsible banking practices not only drive our success but also contribute to the well-being of our stakeholders and the broader community.

ESG 2030 Pillars

Our ESG 2030 pillars provide a clear outline for structuring the banks strategy elements. They represent the key strategic topics that are to be addressed in order to successfully define the banks 6-year desired targets. Accordingly, Gulf Bank has defined 4 main strategy pillars, being;

ESG Strategy



Sustainability at Gulf Bank Continued

ESG Strategy Pillars

Accountable Governance

Equitable Workforce

Community Engagement

Responsible Banking

ESG Strategy Pillars

Strategic Objectives (SO)

- To ensure board oversight and approval on ESG related practices, operations and concerns
- To maintain the high levels of ethical conduct and compliance with robust ESG standards and policies
- To develop and adhere to a comprehensive ESG risk management framework that identifies, assesses, mitigates and controls ESG risks



Strategic Objectives (SO)

- To foster an inclusive culture that regularly attracts, measures and reports on diversity related metrics
- To promote women empowerment through leadership roles, equal opportunities and equitable treatment
- To elevate employee skills, knowledge and professional capabilities
- To create a work environment that encourages employee engagement, satisfaction and retention



Strategic Objectives (SO)

- To equip youth with the skills, resources and opportunities they need to pursue their professional goals and become active members of the community
- To uplift the overall well-being status of the local community, by promoting healthy lifestyles, addressing mental health, social wellness and health literacy
- To create vibrant social engagement and interactions, where community members feel valued, motivated and engaged
- To support local procurement practices and the sourcing of local goods and services



Strategic Objectives (SO)

- To capitalize on sustainable finance related opportunities and integrate ESG criteria into lending and investment
- To support and engage with SMEs and entrepreneurs
- To consistently deliver an exceptional, personalized and sustained customer experience
- To adopt innovative and digital transformation solutions
- To measure, reduce and mitigate Greenhouse Gas (GHG) emissions impact
- To efficiently measure, reduce and manage the Bank's utilities consumption
- To minimize waste generate and maximize the adoption of recycling practices



National & Global Frameworks and ESG Rating





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State of Kuwait Operating Environment

1 Overview

- ▶ **The State of Kuwait is a sovereign state** on the coast of the Arabian Gulf with a population of 4.9 million as of Dec 2023, of which 32% are Kuwaiti Nationals.
- ▶ **Kuwait is a constitutional monarchy**, headed by His Highness the Emir, Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah. Kuwait constitution was approved and promulgated in November 1962 and an elected National Assembly.
- ▶ **Kuwait Vision 2035**, that was launched in 2019 encompasses seven strategic pillars: 1) Sustainable diversified economy; 2) Human Capital Development; 3) Infrastructure Development; 4) Private Sector Growth; 5) Sustainable Living Environment; 6) Social Development; and 7) Governance and Institutional Reform.

2 Economy

- ▶ **Kuwait is an oil driven economy**, however, has witnessed growing contribution from non-oil sectors in recent years.
- ▶ **Kuwait has one of the lowest oil production costs** in the world, making it more resilient to low oil prices. It has one of the world's largest sovereign wealth funds and very low debt, which underpins its investment grade sovereign credit rating.
- ▶ **Kuwait is one of the richest country in the world** by gross national income per capita, with a GNI per capita reaching \$40,600 for year end 2022 according to the World Bank.

3 Key Indicators

	2023e	2024e
Sovereign Rating	Fitch: "AA-", Stable Outlook Moody's: "A1", Stable Outlook S&P: "A+", Stable Outlook	
Real GDP ⁽¹⁾	(0.6%)	3.6%
Inflation (%y/y) ⁽¹⁾	3.4%	3.1%
Public Debt (% GDP) ⁽¹⁾	3.4%	3.1%

Public Finance

KD 6.4 bn
Surplus

- ▶ **2022/23 closing account surplus** represents the first surplus in eight years, mainly due to higher oil revenue than originally budgeted.

KD 6.8 bn
Budgeted Deficit

- ▶ **FY23/24 draft budget**, which will need to be ratified by the incoming parliament, could result in a deficit of KD 6.8 bn due to increase in expenditures and decline in oil revenue.

Major Projects⁽²⁾

KD 98 mn
Awarded Projects in Q1'24

- ▶ **The value of awarded projects during Q1'24** represent the lowest in two decades. This represents a 78% q-o-q and 80% y-o-y decline. The main projects are in the infrastructure segment.

- ▶ **Kuwait projects award outlook for 2024** is estimated to reach KD 6.4 bn by MEED.

Real Estate Activity⁽³⁾

KD 0.7 bn
Total Sales in Q1 2024

- ▶ **A decline of 8.7% Q1'24 vs Q1'23.**
 - The decline across most real estate segment with, Residential down 3%, Investment down 9%, however Commercial was up 17% but has lowest contribution to overall sales.
 - High interest rates environment and high valuations in the residential segment have all contributed to the slowdown.

Banking Sector

9 Banks
5 Conventional & 4 Islamic

- ▶ **Prudent regulation and supervision** by the Central Bank of Kuwait who have helped maintain a resilient banking system.
- ▶ **CBK hiked policy rate** totaling 275 basis points vs the FED hikes of 525 basis points since March 2022.

KD 88 bn
System⁽⁴⁾
Total Assets Feb 24

- ▶ **An increase of 1.8% y/y.**
- ▶ **The system total credit facilities** reached KD 54.4 bn, up 3.2% y/y.
- ▶ **Banking sector market capitalization** reached KD 26.1 bn⁽⁵⁾, down 2.9% y/y.

(1) IMF Database(WEO October 2023); (2) MEED Projects, NBK Economic Research (3) Kuwait Ministry of Justice (MOJ); (4) Central Bank of Kuwait Monthly Statistical Release; (5) Bursa Kuwait Market Summary by Company Report for the month of March 2024.



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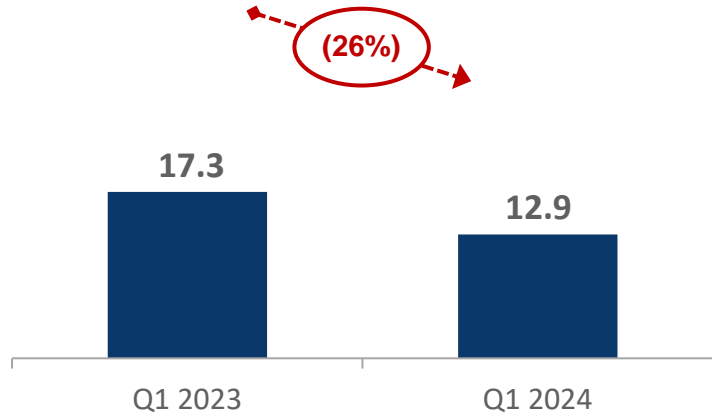
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1st Quarter 2024 Key Highlights

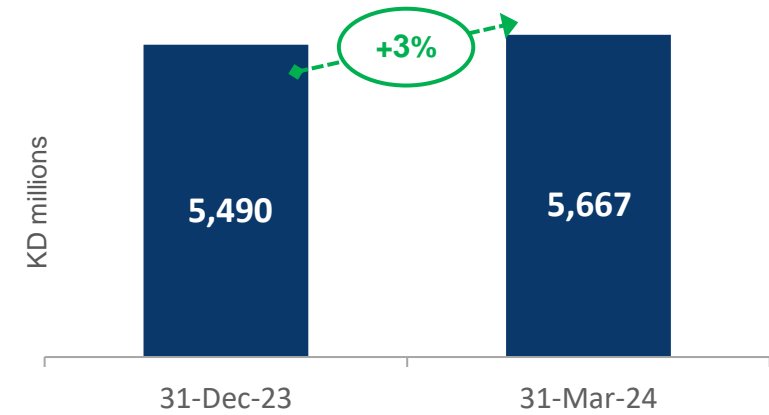
1 Net Profit



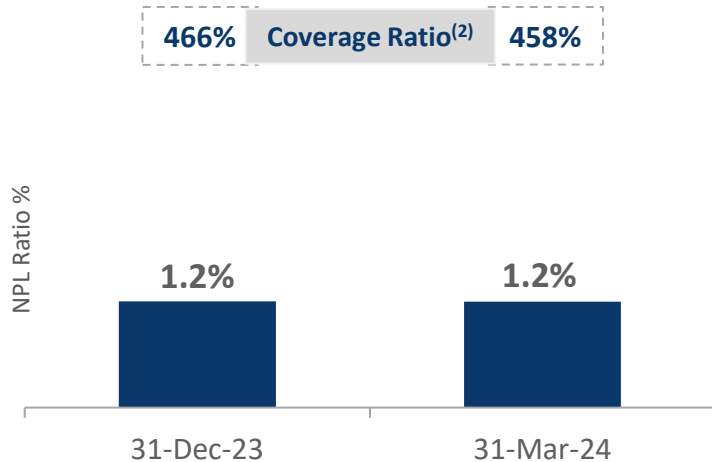
2 Operating Profit before Provisions



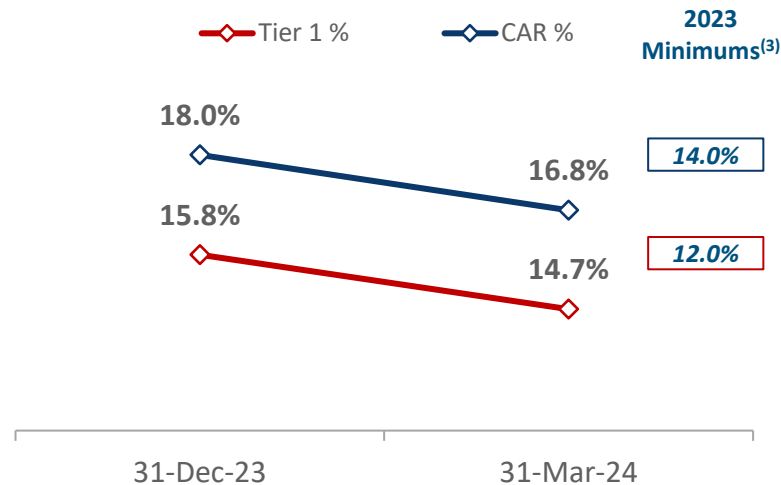
3 Gross Loans and Advances⁽¹⁾



4 Asset Quality



5 Capital Ratios



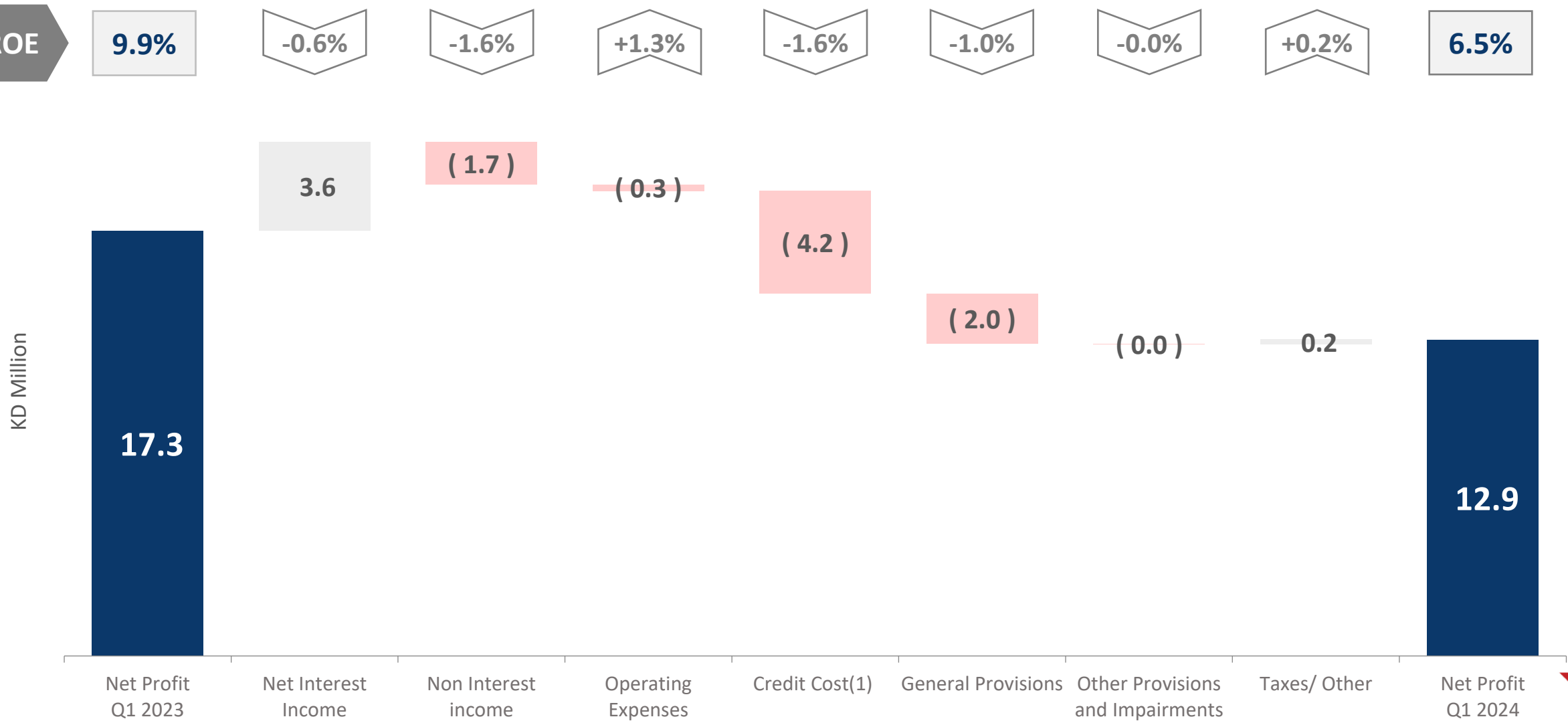
6 Credit Ratings

	Credit Rating	Outlook
MOODY'S	A3	Positive
CAPITAL intelligence	A+	Stable
Fitch Ratings	A	Stable

(1) Gross loans and advances is consolidated (loans and advances to banks and customers); (2) Coverage ratio includes total provisions and collaterals;

(3) Tier 1 and CAR regulatory minimums include 1% DSIB charge.

1st Quarter 2024 Net Profit vs. 1st Quarter 2023 Net Profit Evolution



(1) Includes specific provisions, recoveries, and write-offs.

Income Statement

KD Millions	Q1 2023A	Q2 2023A	Q3 2023A	Q4 2023A	Q1 2024A	Q1 24A vs Q1 23A		Q1 24A vs Q4 23A	
						Amt	%	Amt	%
1 Interest Income	85.6	89.8	95.0	99.6	98.6	13.0	15%	(1.0)	-1%
2 Interest Expense	(50.8)	(53.0)	(56.2)	(59.5)	(60.2)	(9.4)	-19%	(0.7)	-1%
3 Net Interest Income	34.8	36.8	38.7	40.1	38.4	3.6	10%	(1.6)	-4%
4 Non Interest Income ⁽¹⁾	11.6	9.0	9.1	10.1	9.8	(1.7)	-15%	(0.2)	-2%
5 Operating Income	46.4	45.9	47.9	50.1	48.3	1.9	4%	(1.9)	-4%
6 Operating Expenses	(21.4)	(21.5)	(21.9)	(22.0)	(21.7)	(0.3)	-1%	0.3	1%
7 Operating Profit	25.0	24.3	25.9	28.2	26.6	1.6	6%	(1.6)	-6%
8 Credit Costs ⁽²⁾	(7.2)	(4.9)	(7.2)	(9.9)	(11.4)	(4.2)	-59%	(1.5)	-15%
9 General Provisions	0.3	(0.0)	0.1	0.2	(1.8)	(2.0)	734%	(2.0)	978%
10 Other Provisions and Impairments	0.1	0.0	0.0	(0.1)	0.0	(0.0)	65%	0.1	125%
11 Taxes/ Other	(0.8)	(0.9)	(0.9)	(1.0)	(0.6)	0.2	25%	0.4	38%
12 Net Profit	17.3	18.5	18.0	17.4	12.9	(4.4)	-26%	(4.5)	-26%
13 Return on Assets (ROA) %	1.0%	1.1%	1.0%	1.0%	0.7%				
14 Return on Equity (ROE) %	9.9%	10.4%	9.8%	8.9%	6.5%				
15 Cost to Income Ratio (CIR) %	46.1%	46.9%	45.8%	43.8%	44.9%				
16 Net Interest Margin (NIM) bps ⁽³⁾	207	215	221	225	214				
17 Cost of Risk (COR) bps ⁽⁴⁾	54	36	52	72	82				

(1) Includes Fees and Foreign Exchange Income and Other Income; (2) Includes specific provisions, recoveries, and write-offs; (3) Net Interest Income / Average assets; (4) Credit Costs / Average gross loans and advances.



Balance Sheet

KD Millions	31-Mar-23	% of Total	31-Dec-23	% of Total	31-Mar-24	% of Total	Var Mar 24 vs Mar 23		Var Mar 24 vs Dec 23	
							Amount	%	Amount	%
ASSETS										
1 Cash and cash equivalents	1,047		1,094		1,034		-14	-1%	-60	-5%
2 Kuwait Government Bonds	22		17		17		-6	-25%	0	0%
3 CBK Bonds	343		338		339		-4	-1%	1	0%
4 Deposits with banks and OFIs	56		181		157		101	180%	-24	-13%
5 Liquid Assets	1,468	22%	1,629	23%	1,546	21%	78	5%	-83	-5%
6 Gross loans and advances ⁽¹⁾	5,394		5,490		5,667		273	5%	176	3%
7 Provisions	-285		-294		-282		2	-1%	11	-4%
8 Net Loans and advances	5,109	75%	5,197	72%	5,384	74%	275	5%	188	4%
9 Investment securities	92	1%	191	3%	172	2%	80	87%	-19	-10%
10 Other assets	112		118		128		15	14%	10	8%
11 Premises and equipment	39		39		40		1	2%	0	1%
12 Other assets	151	2%	158	2%	167	2%	16	11%	10	6%
13 TOTAL ASSETS	6,821	100%	7,175	100%	7,270	100%	450	7%	96	1%
LIABILITIES										
14 Due to banks	322		256		243		-79	-24%	-13	-5%
15 Deposits from FIs	908		1,149		1,026		118	13%	-123	-11%
16 Customer deposits	4,191	61%	4,219	59%	4,414	61%	224	5%	195	5%
17 Other borrowed funds	539		570		615		75	14%	45	8%
18 Other liabilities	156		164		185		28	18%	21	13%
19 TOTAL LIABILITIES	6,116	90%	6,358	89%	6,483	89%	367	6%	125	2%
20 Total Equity	705	10%	817	11%	788	11%	83	12%	-29	-4%
21 TOTAL LIABILITIES AND EQUITY	6,821	100%	7,175	100%	7,270	100%	450	7%	96	1%
22 Average assets	6,836		6,946		7,223					
23 Average equity	712		741		802					
24 NPL ratio	0.8%		1.2%		1.2%					
25 Coverage ratio ⁽²⁾	692%		466%		458%					
26 CASA Ratio	35.3%		29.7%		30.5%					

(1) Gross loans and advances is consolidated (loans and advances to banks and customers);

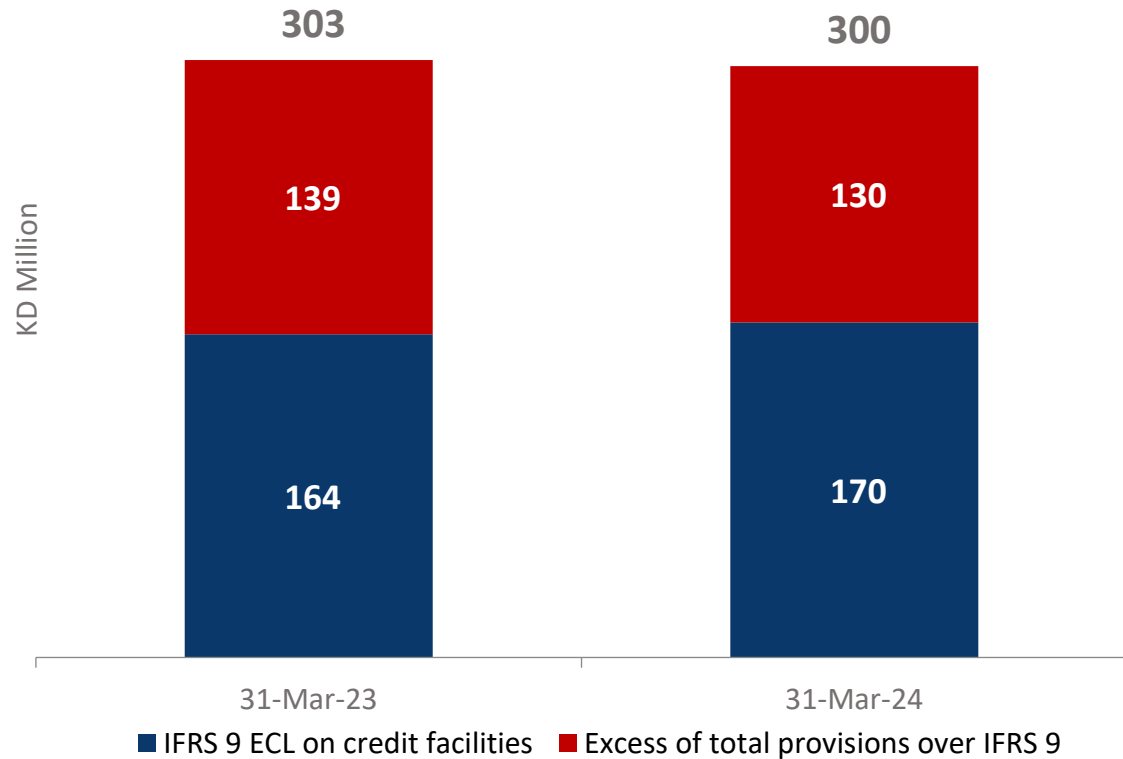
(2) Coverage ratio includes total provisions and collaterals.

[GBK Classification: PUBLIC]



Total Credit Provisions exceed IFRS 9 accounting requirements by KD 130 million

Total Provisions on Credit Facilities

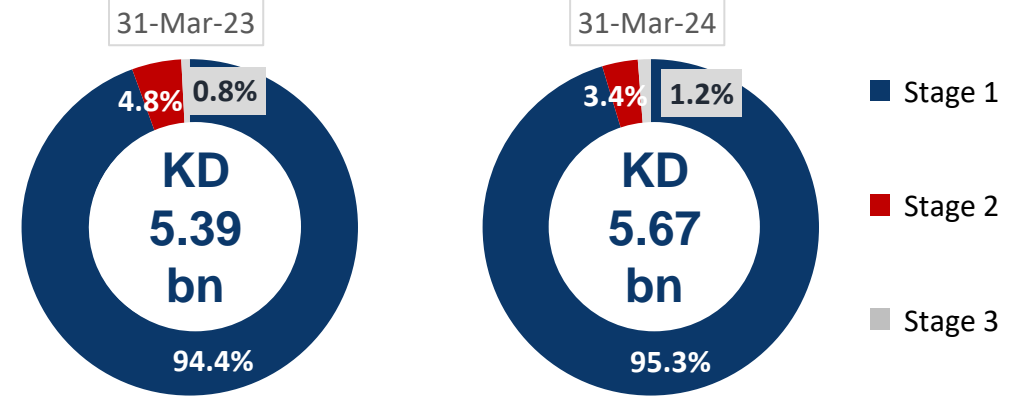


Excess / Total Provision

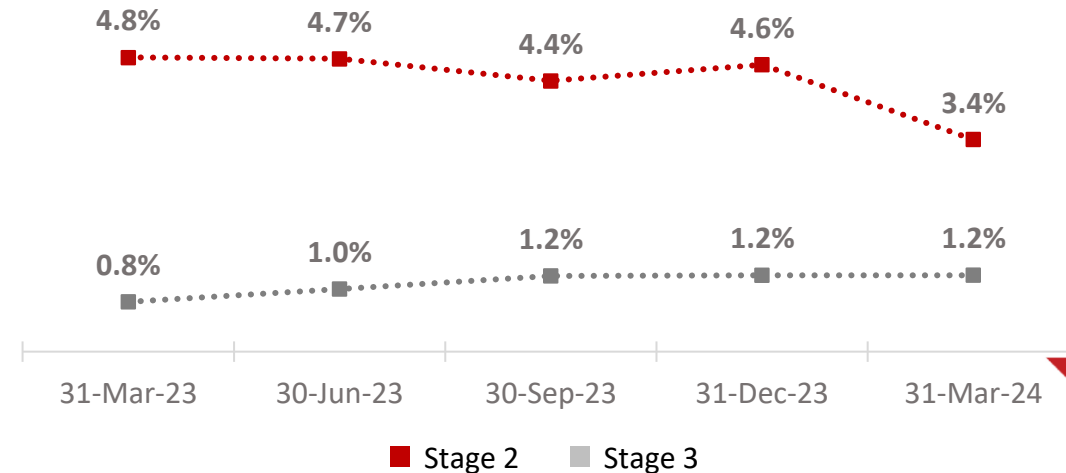
46%

43%

Gross Loans by Stages %⁽¹⁾

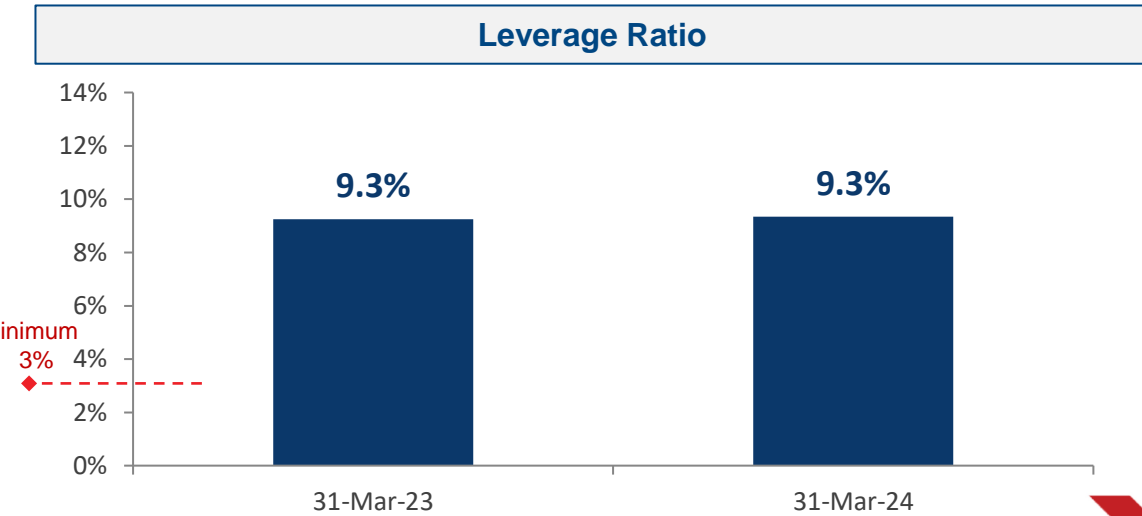
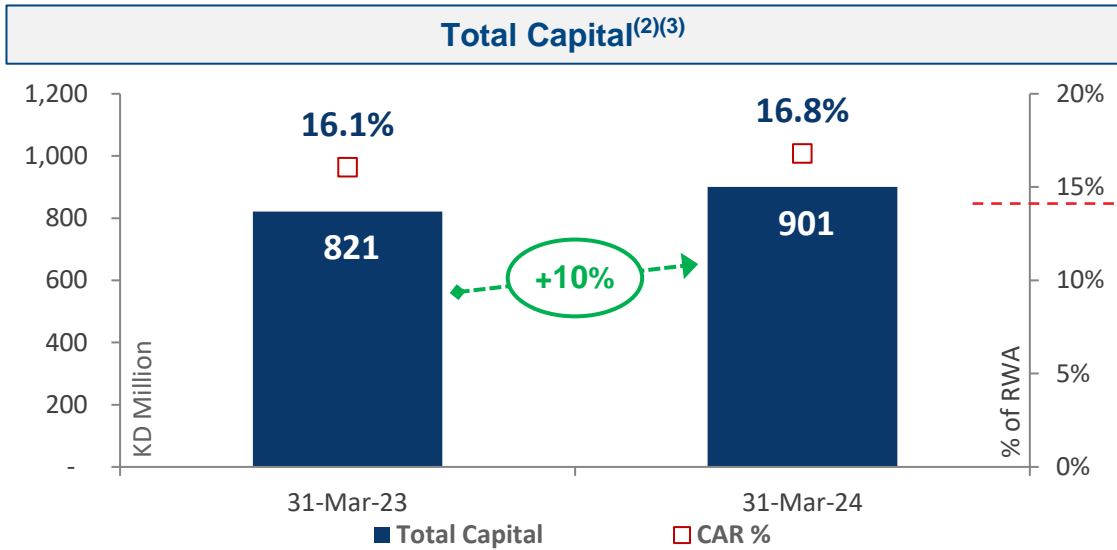
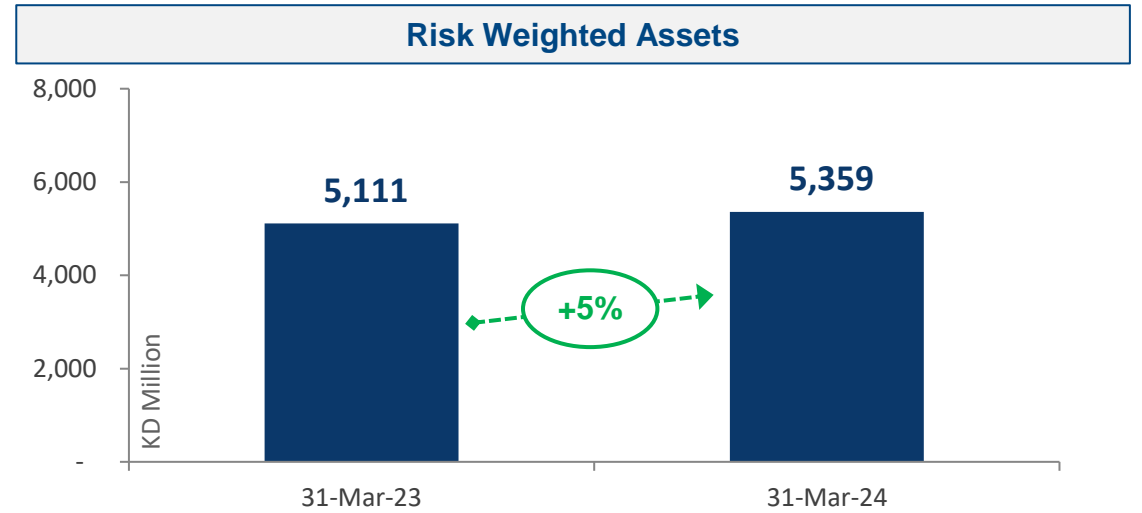
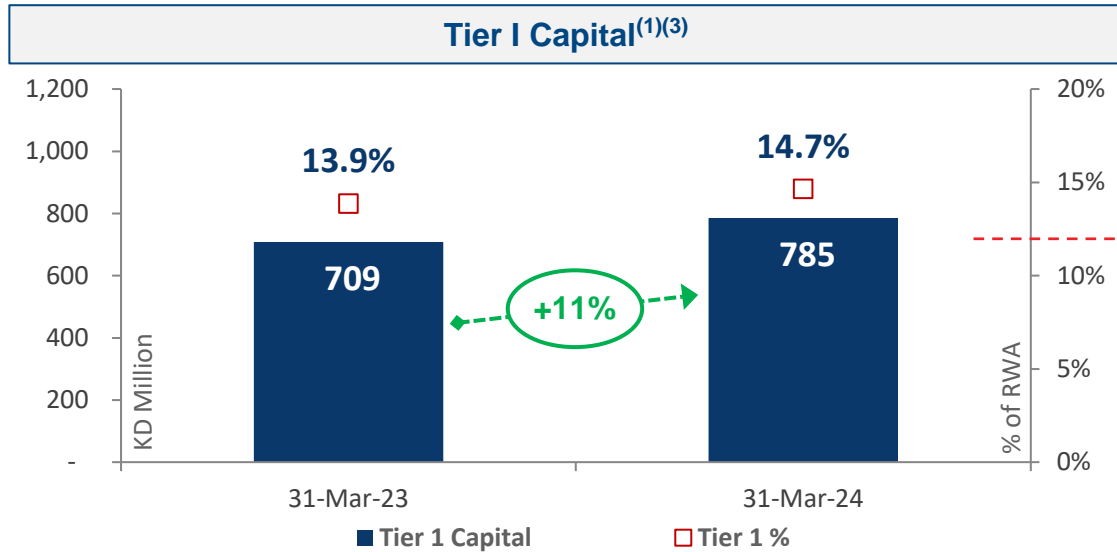


Evolution of Gross Loans Stages 2 and 3 (%)⁽¹⁾



(1) Stage 3 loans are marginally higher than the credit impaired loans due to qualitative and quantitative factors as per IFRS 9.

Capital and Leverage Ratios

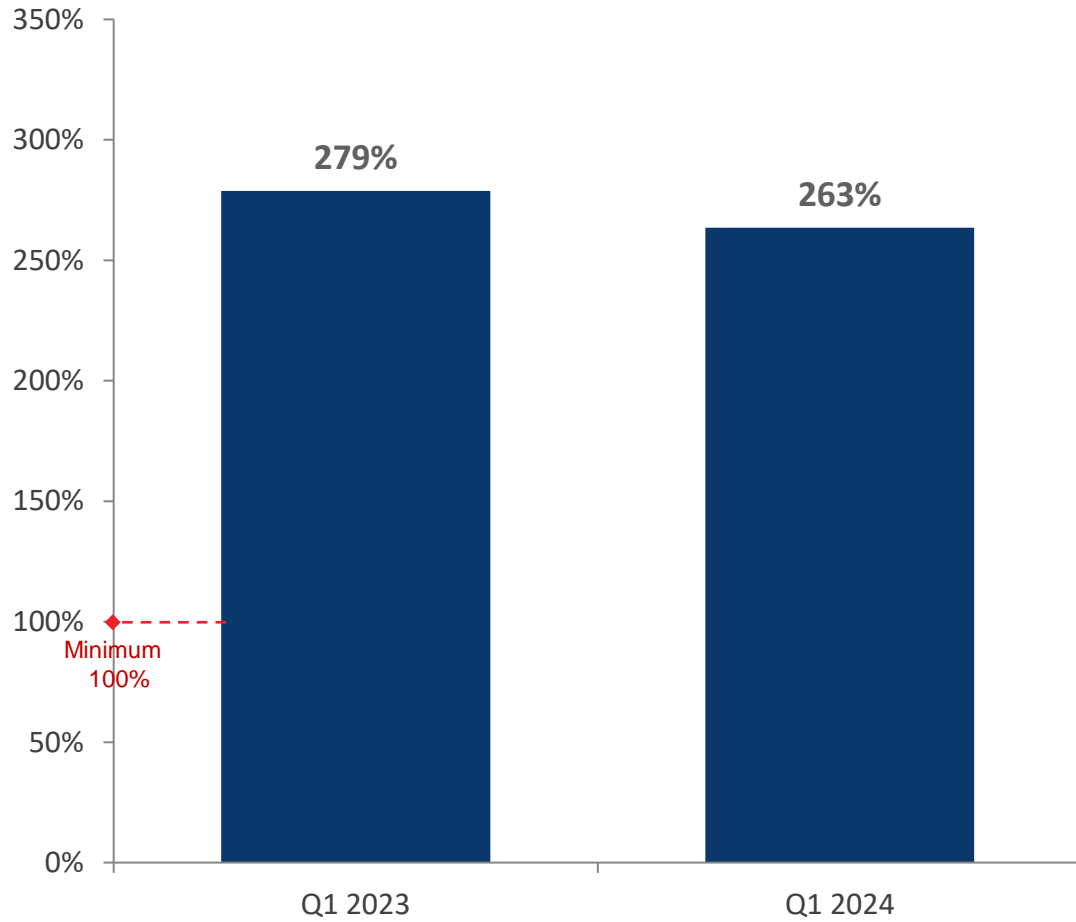


% Tier 1 **86%** **87%**

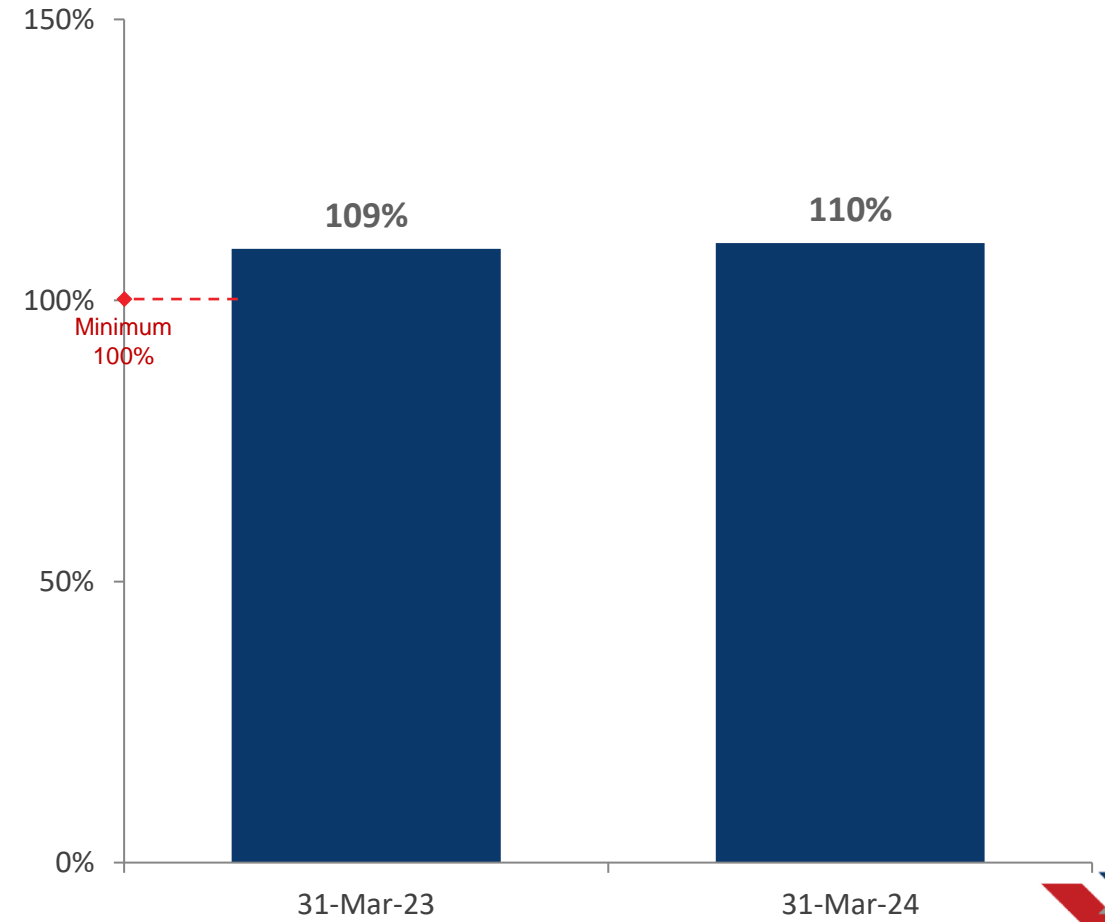
(1) Tier 1 Ratio regulatory minimum is 12%; (2) CAR regulatory minimum is 14%; (3) Tier 1 and CAR regulatory minimums include 1% DSIB charge.

Liquidity Ratios

Liquidity Coverage Ratio⁽¹⁾



Net Stable Funding Ratio⁽¹⁾



(1) Liquidity Coverage Ratio and Net Stable Funding Ratio regulatory minimums is 100%.

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