

# Gulf Bank

## Investors Presentation

3<sup>rd</sup> Quarter 2024



# Table of Content:



**At a Glance**



**Gulf Bank Strategy 2025**



**Value Creation Business Model**



**Sustainability at Gulf Bank**



**State of Kuwait Operating Environment**



**3<sup>rd</sup> Quarter 2024 Financial Performance**

# At a Glance

Gulf Bank is one of the leading Conventional banks in Kuwait

1960

Founded

1984

Listed on  
Kuwait Stock  
Exchange

50+

Branches  
across  
Kuwait

7.5

KD Billion  
Total Assets  
30 Sep 2024

## Shareholder information

### Gulf Bank Index Landscape



Listed in Bursa Kuwait  
Under Premier Market



FTSE Russell Emerging  
Markets Index since  
September 2017

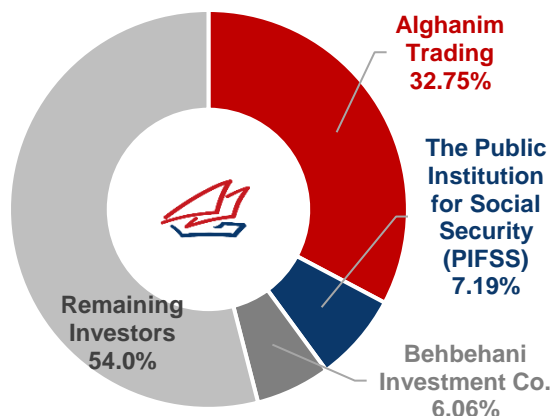


S&P DJI Emerging Market  
Index since December 2018



MSCI Emerging Market  
Index since November 2020

### Ownership Structure as of 30 Sep 2024



Ticker	GBK
ISIN	KW0EQ0100028
Number of Shares Issued	3,802,502,099
Market Cap as of 30 Sep 2024	KD 1,149 Million
Gulf Bank Market Cap Weight in Bursa Kuwait	2.7%

## 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.

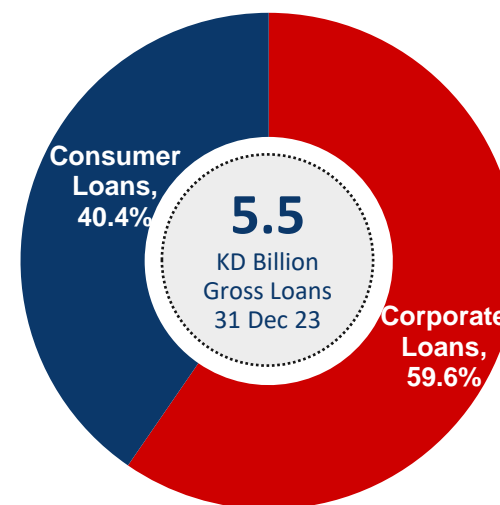
### Corporate Segment

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.

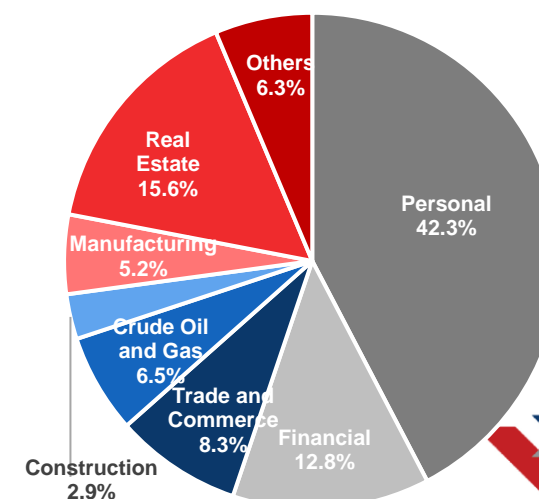
### Treasury and Investment

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<sup>(1)</sup>



### Gross Loans by Sector<sup>(2)</sup>



(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.



# Table of Content:

At a Glance

**Gulf Bank Strategy 2025**

Value Creation Business Model

Sustainability at Gulf Bank

State of Kuwait Operating Environment

3<sup>rd</sup> Quarter 2024 Financial Performance

# 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".



# Table of Content:

At a Glance

Gulf Bank Strategy 2025

**Value Creation Business Model**

Sustainability at Gulf Bank

State of Kuwait Operating Environment

3<sup>rd</sup> Quarter 2024 Financial Performance

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



(1) All figures are either as of 3<sup>rd</sup> Quarter 2024 or as on 30 September 2024. (2) All figures are either as of year end 2023 or as on 31 December 2023.



# Table of Content:

At a Glance

Gulf Bank Strategy 2025

Value Creation Business Model

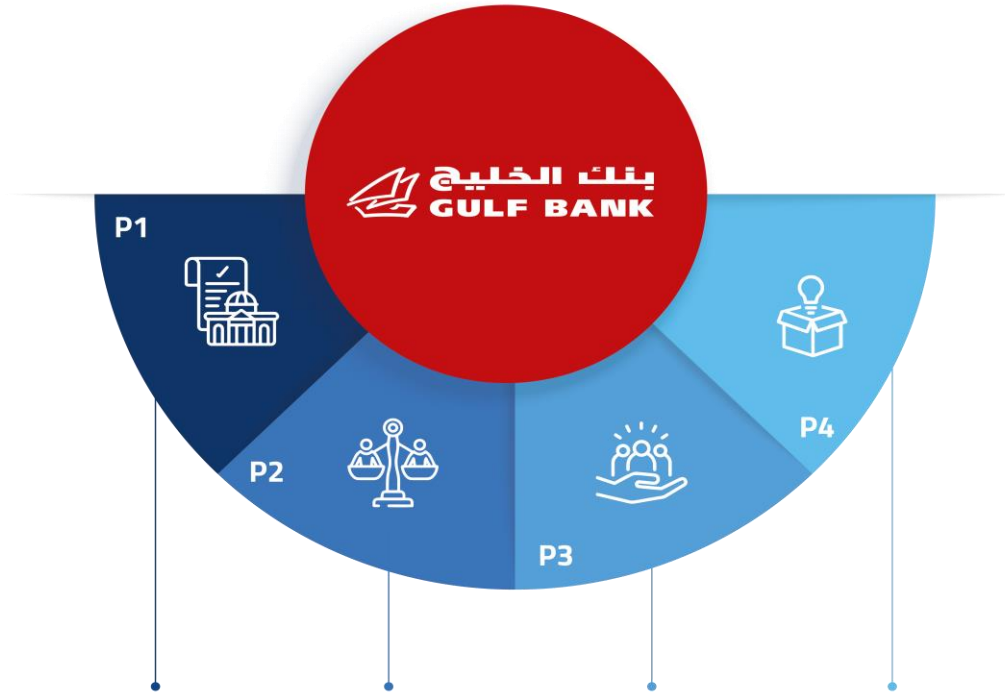
**Sustainability at Gulf Bank**

State of Kuwait Operating Environment

3<sup>rd</sup> Quarter 2024 Financial Performance



# ESG Strategy 2030



## Accountable Governance

We exhibit comprehensive sustainable governance practices, sound ESG risk management and foster a culture of integrity, ownership, compliance and ethical conduct.

## Equitable Workplace

We strive to foster an equitable workplace culture, one that empowers, develops our people's talents and encourages inclusion, collaboration and fair treatment based on meritocracy.

## Empowered Community Engagement

We recognize the value of community engagement and are driven to form collaborative partnerships and deliver impactful initiatives and campaigns that serve our community and enhance its social status and welfare.

## Responsible Banking

We seek to develop sustainable banking solutions, catered to our customers' needs and the Bank's market share growth, in a manner that enhances financial inclusion, promotes sustainable financing practices, embraces digital transformation and innovation and that is environmentally conscious.



## ESG Initiatives Screening

Screening criteria for selecting the Bank's ESG initiatives to ensure a sustainable ROI



## ESG Policy Development

Sets the guidelines, responsibilities, approval metrics, and authority hierarchy for ESG at the Bank



## ESG Strategy Roadmap

Provides a clear breakdown and strategic plan for implementing the Bank's ESG strategy across 6 years



## ESG Strategy Refresher

ESG workshops as a refresher exercise prior to the official strategy implementation kick-off

## National & Global Frameworks and ESG Rating





# Table of Content:

At a Glance

Gulf Bank Strategy 2025

Value Creation Business Model

Sustainability at Gulf Bank

**State of Kuwait Operating Environment**

3<sup>rd</sup> Quarter 2024 Financial Performance

# 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 some modest growth 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 \$46,140 for year end 2023 according to the World Bank.

## 3 Key Indicators

	2023	2024e
Sovereign Rating	Fitch: "AA-", Stable Outlook Moody's: "A1", Stable Outlook S&P: "A+", Stable Outlook	
Real GDP <sup>(1)</sup>	(3.6%)	(3.2%)
Inflation (%y/y) <sup>(1)</sup>	3.6%	3.0%
Public Debt (% GDP) <sup>(1)</sup>	3.2%	7.2%

### Public Finance

**KD 1.6 bn**  
Deficit

- ▶ **2023/24 closing account** deficit was lower than the originally budget deficit of KD 6.8 bn due to higher average oil prices.

**KD 5.6 bn**  
Budgeted Deficit

- ▶ **FY24/25 draft budget**, could result in a deficit of KD 5.6 bn due to higher capital expenditure than historical average, plus higher contribution from non-oil revenue.

### Major Projects<sup>(2)</sup>

**KD 0.6 bn**  
Awarded Projects in Q3'24

- ▶ **The value of awarded projects during Q3'24** represent the third highest quarter since 2020. This represents a 6% y-o-y decline. The main projects are in the Power and Water and Construction.

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

### Real Estate Activity<sup>(3)</sup>

**KD 0.9 bn**  
Total Sales in Q3'24

- ▶ **An increase of 33.2% Q3'24 vs Q3'23.**
  - The increase came from all segments, led by Commercial Segment of 49%, followed by Investment Segment of 31%.
  - Residential Segment remains the dominant segment representing 41%, and it started growing again by 8%. Higher interest rates environment and high valuations in the segment remains the main challenges.

### 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 cut policy rate** by 25 bps points following the FED cut of 50 bps, bringing the discount rate to 4.0%.

**KD 89 bn**  
System<sup>(4)</sup>  
Total Assets August 24

- ▶ **An increase of 4.8% y/y.**
- ▶ **The system total credit facilities** reached KD 55.4 bn, up 5.3% y/y.
- ▶ **Banking sector market capitalization** reached KD 25.8 bn<sup>(5)</sup>, up 6.3% y/y.

(1) IMF Database(WEO October 2024); (2) MEED Projects, Kamco Invest GCC Projects Market; (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 September 2024.



# Table of Content:

At a Glance

Gulf Bank Strategy 2025

Value Creation Business Model

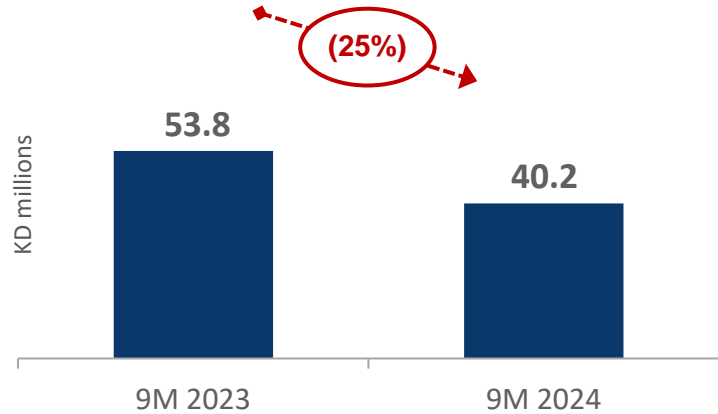
Sustainability at Gulf Bank

State of Kuwait Operating Environment

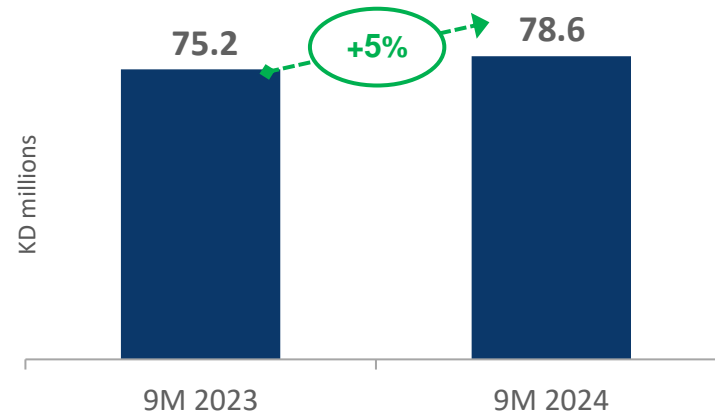
**3<sup>rd</sup> Quarter 2024 Financial Performance**

# 9 Months 2024 Key Highlights

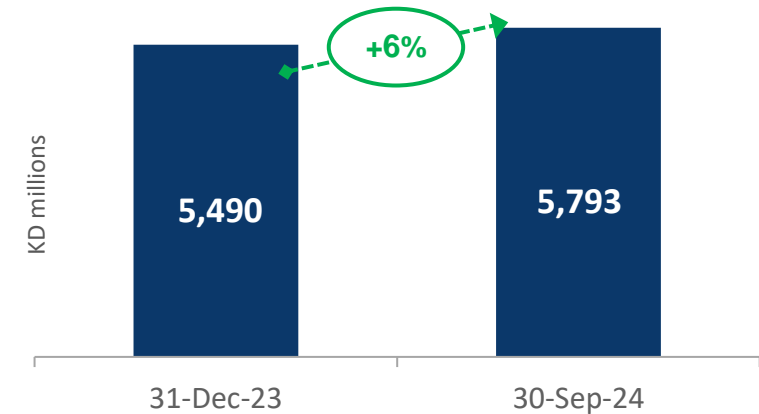
## 1 Net Profit



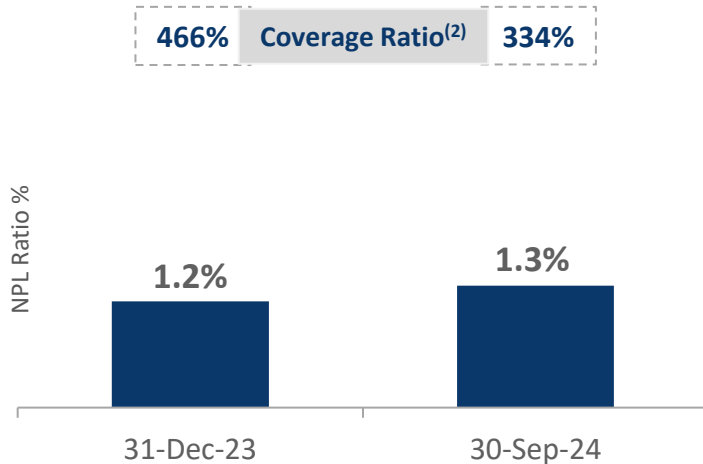
## 2 Operating Profit before Provisions



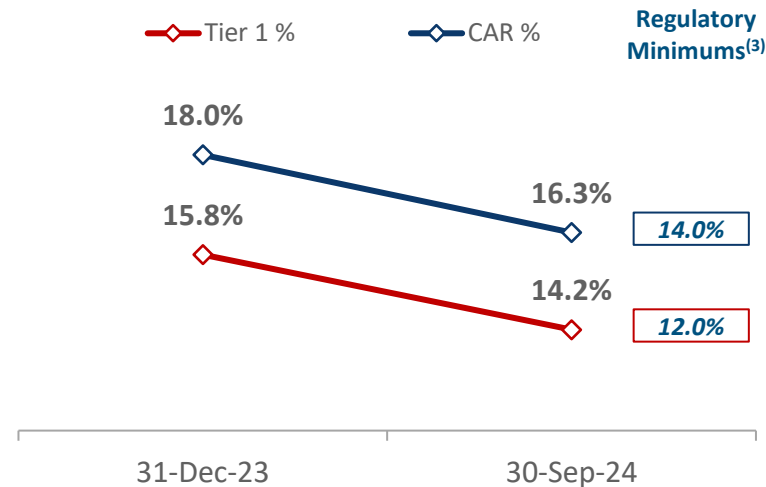
## 3 Gross Loans and Advances<sup>(1)</sup>



## 4 Asset Quality



## 5 Capital Ratios



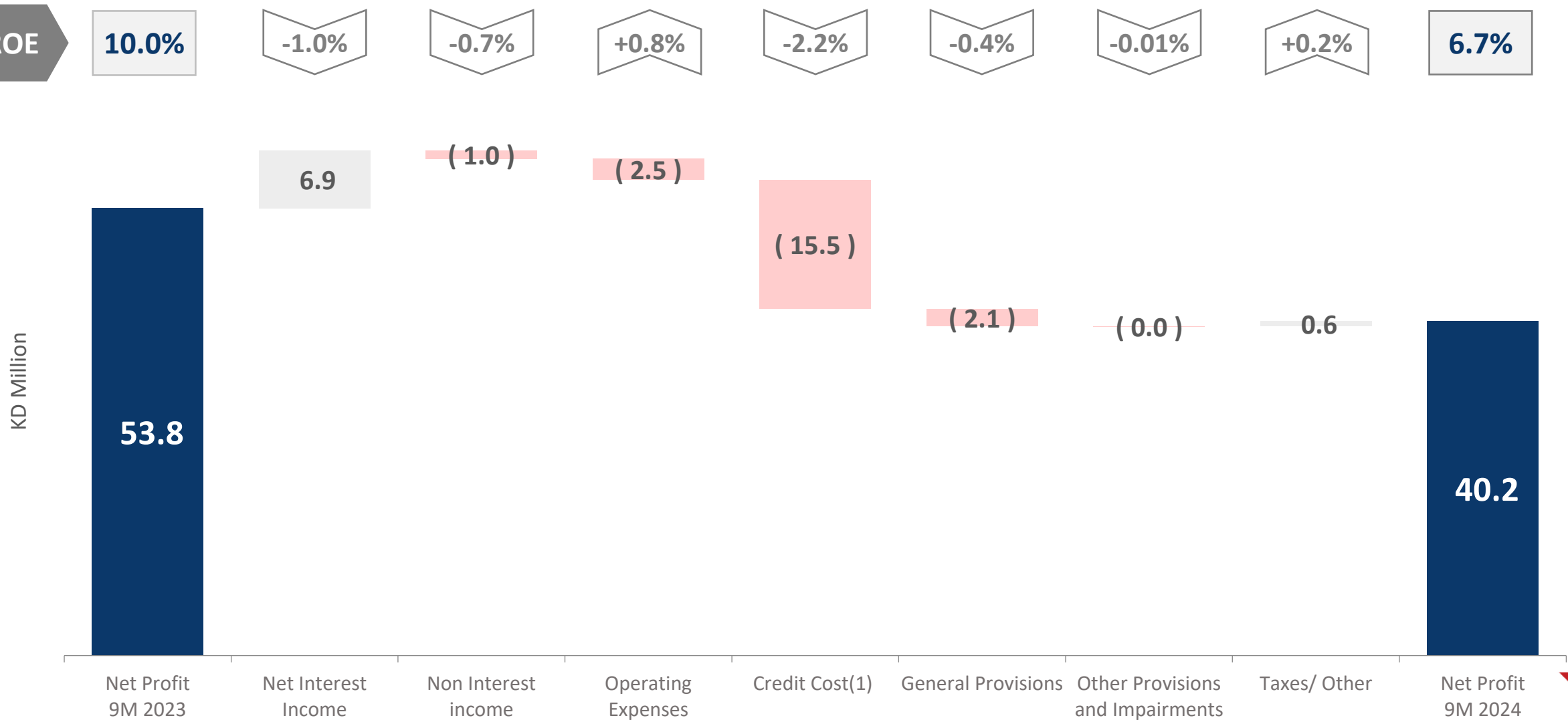
## 6 Credit Ratings

	Credit Rating	Outlook
<b>MOODY'S</b>	A3	Positive
<b>CI CAPITAL intelligence</b>	A+	Stable
<b>Fitch Ratings</b>	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.

# 9 Months 2024 Net Profit vs. 9 Months 2023 Net Profit Evolution



(1) Credit costs = Specific Provision Charge + P&L write off on settlements – recoveries – excess general provision release.

# Income Statement

KD Millions	Q1 2023A	Q2 2023A	Q3 2023A	Q4 2023A	Q1 2024A	Q2 2024A	Q3 2024A	Q3 24A vs Q2 24A		9M 2023A	9M 2024A	9M 24A vs 9M 23A	
								Amt	%			Amt	%
1 Interest Income	85.6	89.8	95.0	99.6	98.6	102.3	103.0	0.7	1%	270.4	303.9	33.5	12%
2 Interest Expense	(50.8)	(53.0)	(56.2)	(59.5)	(60.2)	(63.0)	(63.3)	(0.3)	0%	(160.0)	(186.6)	(26.6)	-17%
3 <b>Net Interest Income</b>	<b>34.8</b>	<b>36.8</b>	<b>38.7</b>	<b>40.1</b>	<b>38.4</b>	<b>39.2</b>	<b>39.7</b>	<b>0.4</b>	<b>1%</b>	<b>110.4</b>	<b>117.3</b>	<b>6.9</b>	<b>6%</b>
4 Non Interest Income <sup>(1)</sup>	11.6	9.0	9.1	10.1	9.8	9.4	9.5	0.1	1%	29.7	28.7	(1.0)	-3%
5 <b>Operating Income</b>	<b>46.4</b>	<b>45.9</b>	<b>47.9</b>	<b>50.1</b>	<b>48.3</b>	<b>48.6</b>	<b>49.2</b>	<b>0.6</b>	<b>1%</b>	<b>140.1</b>	<b>146.0</b>	<b>5.9</b>	<b>4%</b>
6 Operating Expenses	(21.4)	(21.5)	(21.9)	(22.0)	(21.7)	(22.6)	(23.1)	(0.5)	-2%	(64.9)	(67.4)	(2.5)	-4%
7 <b>Operating Profit</b>	<b>25.0</b>	<b>24.3</b>	<b>25.9</b>	<b>28.2</b>	<b>26.6</b>	<b>26.0</b>	<b>26.1</b>	<b>0.1</b>	<b>0%</b>	<b>75.2</b>	<b>78.6</b>	<b>3.4</b>	<b>5%</b>
8 Credit Costs <sup>(2)</sup>	(7.2)	(4.9)	(7.2)	(9.9)	(11.4)	(9.3)	(14.2)	(4.9)	-52%	(19.3)	(34.8)	(15.5)	-80%
9 General Provisions	0.3	(0.0)	0.1	0.2	(1.8)	(0.6)	0.7	1.3	208%	0.4	(1.7)	(2.1)	545%
10 Other Provisions and Impairments	0.1	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	-157%	0.1	0.1	(0.0)	36%
11 Taxes/ Other	(0.8)	(0.9)	(0.9)	(1.0)	(0.6)	(0.7)	(0.6)	0.2	20%	(2.6)	(2.0)	0.6	24%
12 <b>Net Profit</b>	<b>17.3</b>	<b>18.5</b>	<b>18.0</b>	<b>17.4</b>	<b>12.9</b>	<b>15.3</b>	<b>12.0</b>	<b>(3.3)</b>	<b>-22%</b>	<b>53.8</b>	<b>40.2</b>	<b>(13.6)</b>	<b>-25%</b>
13 Return on Assets (ROA) %	1.0%	1.1%	1.0%	1.0%	0.7%	0.8%	0.6%			1.0%	0.7%		
14 Return on Equity (ROE) %	9.9%	10.4%	9.8%	8.9%	6.5%	7.8%	5.9%			10.0%	6.7%		0.3%
15 Cost to Income Ratio (CIR) %	46.1%	46.9%	45.8%	43.8%	44.9%	46.6%	47.0%			46.3%	46.2%		
16 Net Interest Margin (NIM) bps <sup>(3)</sup>	207	215	221	225	214	215	212			214	214		
17 Cost of Risk (COR) bps <sup>(4)</sup>	54	36	52	72	82	65	97			47	82		

(1) Includes Fees and Foreign Exchange Income and Other Income; (2) Credit costs = Specific Provision Charge + P&L write off on settlements – recoveries – excess general provision release;

(3) Net Interest Income / Average assets; (4) Credit Costs / Average gross loans and advances.

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# Balance Sheet

KD Millions	30-Sep-23	% of Total	31-Dec-23	% of Total	30-Sep-24	% of Total	Var Sep 24 vs Sep 23		Var Sep 24 vs Dec 23	
							Amount	%	Amount	%
<b>ASSETS</b>										
1 Cash and cash equivalents	1,130		1,094		1,184		54	5%	90	8%
2 Kuwait Government Bonds	17		17		3		-14	-85%	-14	-85%
3 CBK Bonds	332		338		260		-72	-22%	-78	-23%
4 Deposits with banks and OFIs	74		181		167		93	125%	-14	-8%
5 <b>Liquid Assets</b>	<b>1,553</b>	<b>22%</b>	<b>1,629</b>	<b>23%</b>	<b>1,613</b>	<b>22%</b>	<b>60</b>	<b>4%</b>	<b>-16</b>	<b>-1%</b>
6 Gross loans and advances <sup>(1)</sup>	5,449		5,490		5,793		344	6%	303	6%
7 Provisions	-293		-294		-240		53	-18%	54	-18%
8 <b>Net Loans and advances</b>	<b>5,157</b>	<b>74%</b>	<b>5,197</b>	<b>72%</b>	<b>5,554</b>	<b>74%</b>	<b>397</b>	<b>8%</b>	<b>357</b>	<b>7%</b>
9 <b>Investment securities</b>	<b>109</b>	<b>2%</b>	<b>191</b>	<b>3%</b>	<b>147</b>	<b>2%</b>	<b>38</b>	<b>35%</b>	<b>-45</b>	<b>-23%</b>
10 Other assets	114		118		120		6	6%	2	2%
11 Premises and equipment	39		39		41		2	6%	2	4%
12 <b>Other assets</b>	<b>153</b>	<b>2%</b>	<b>158</b>	<b>2%</b>	<b>161</b>	<b>2%</b>	<b>9</b>	<b>6%</b>	<b>4</b>	<b>2%</b>
13 <b>TOTAL ASSETS</b>	<b>6,971</b>	<b>100%</b>	<b>7,175</b>	<b>100%</b>	<b>7,474</b>	<b>100%</b>	<b>504</b>	<b>7%</b>	<b>300</b>	<b>4%</b>
<b>LIABILITIES</b>										
14 Due to banks	416		256		256		-160	-38%	-0	0%
15 Deposits from FIs	855		1,149		956		101	12%	-192	-17%
16 <b>Customer deposits</b>	<b>4,265</b>	<b>61%</b>	<b>4,219</b>	<b>59%</b>	<b>4,781</b>	<b>64%</b>	<b>516</b>	<b>12%</b>	<b>562</b>	<b>13%</b>
17 Other borrowed funds	540		570		499		-41	-8%	-71	-13%
18 Other liabilities	155		164		169		14	9%	5	3%
19 <b>TOTAL LIABILITIES</b>	<b>6,231</b>	<b>89%</b>	<b>6,358</b>	<b>89%</b>	<b>6,661</b>	<b>89%</b>	<b>430</b>	<b>7%</b>	<b>303</b>	<b>5%</b>
20 <b>Total Equity</b>	<b>740</b>	<b>11%</b>	<b>817</b>	<b>11%</b>	<b>814</b>	<b>11%</b>	<b>74</b>	<b>10%</b>	<b>-3</b>	<b>0%</b>
21 <b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,971</b>	<b>100%</b>	<b>7,175</b>	<b>100%</b>	<b>7,474</b>	<b>100%</b>	<b>504</b>	<b>7%</b>	<b>300</b>	<b>4%</b>
22 Average assets	6,889		6,946		7,338					
23 Average equity	722		741		805					
24 NPL ratio	1.2%		1.2%		1.3%					
25 Coverage ratio <sup>(2)</sup>	470%		466%		334%					
26 CASA Ratio	32.3%		29.7%		28.1%					

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

(2) Coverage ratio includes total provisions and collaterals.

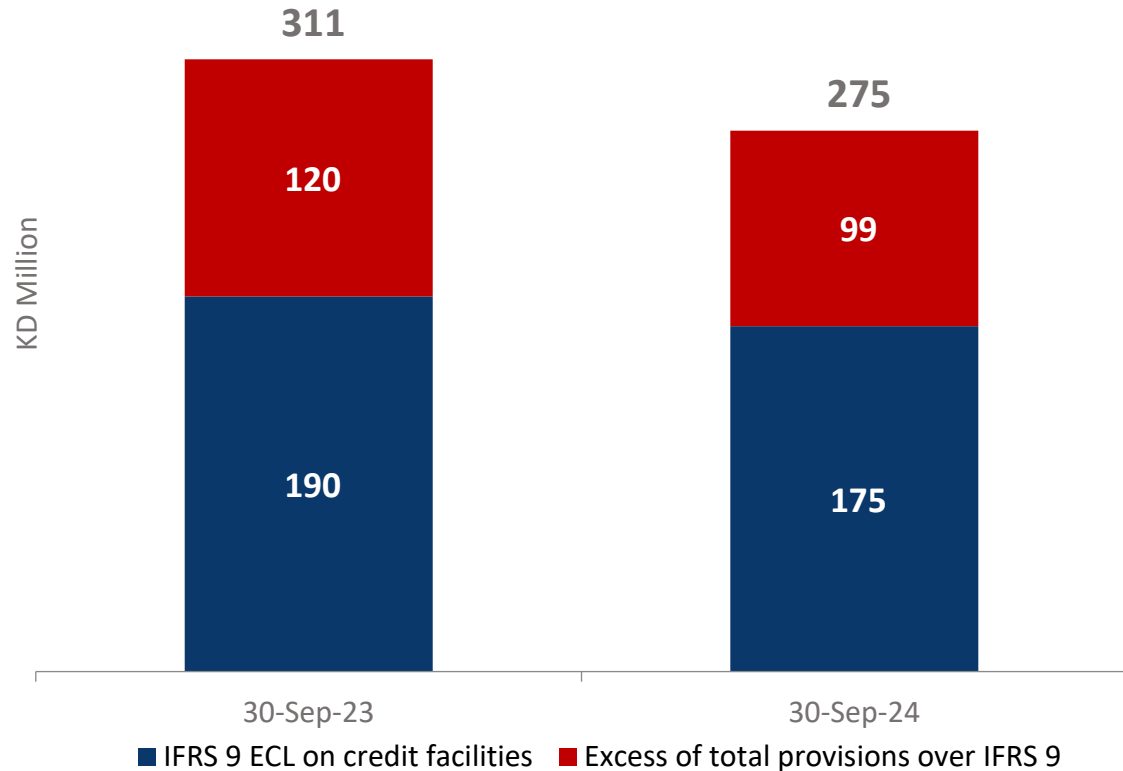
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# Total Credit Provisions exceed IFRS 9 accounting requirements by KD 99 million

Total Provisions on Credit Facilities

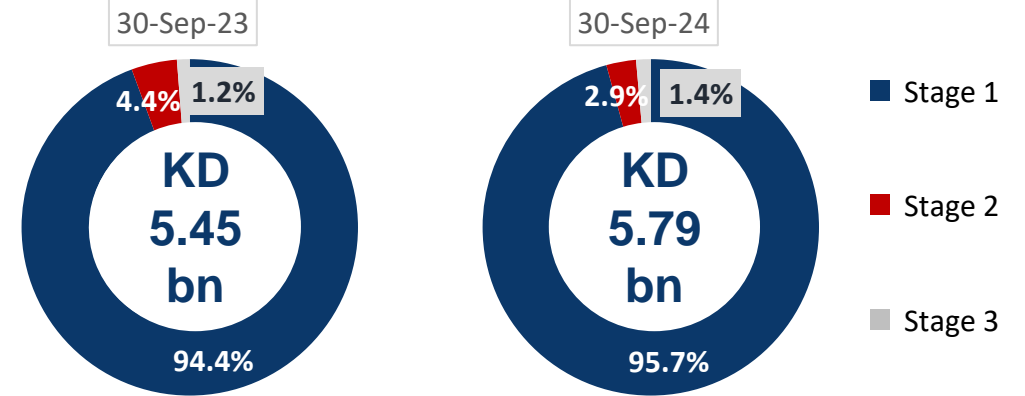


Excess / Total Provision

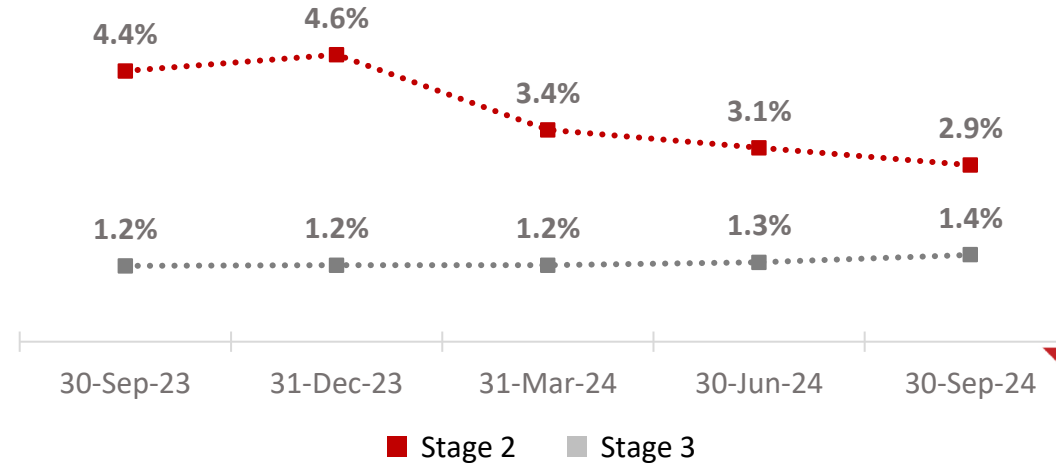
39%

36%

Gross Loans by Stages %<sup>(1)</sup>

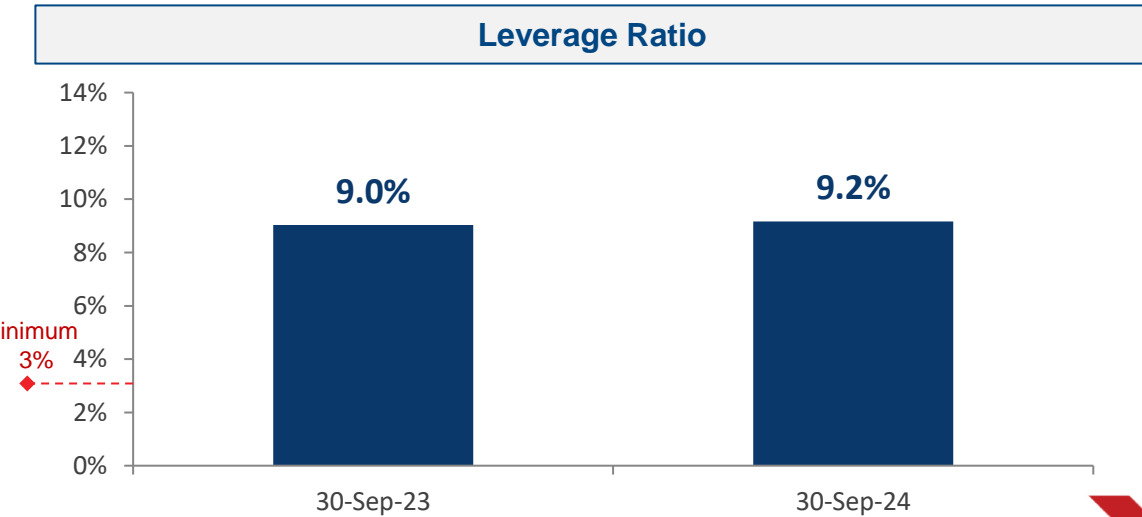
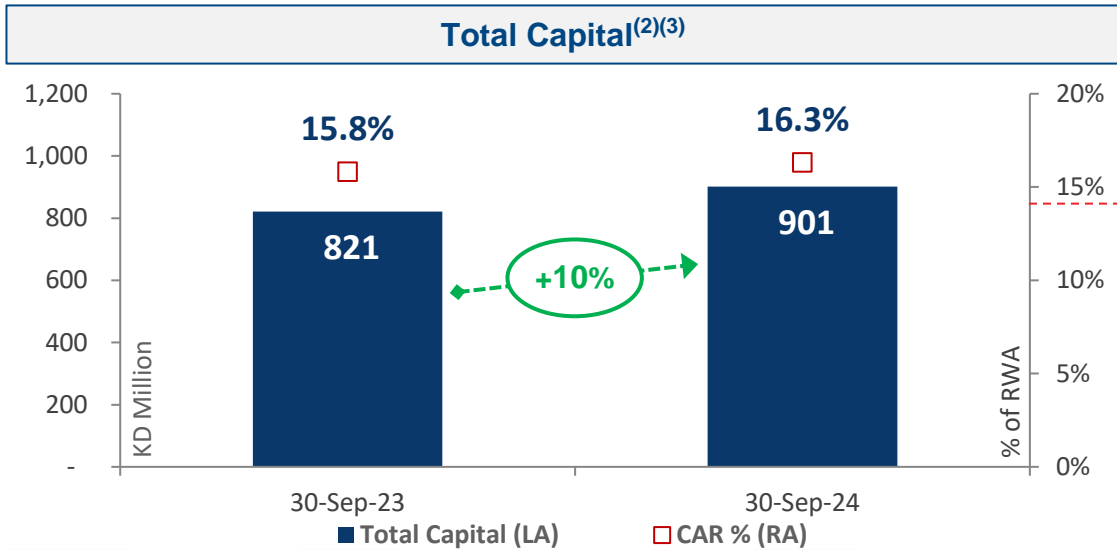
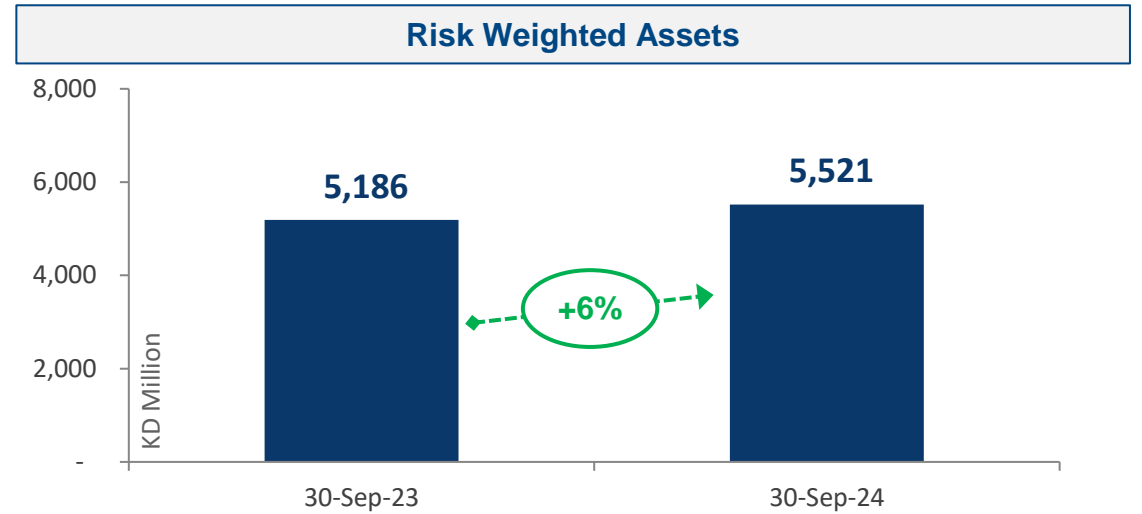
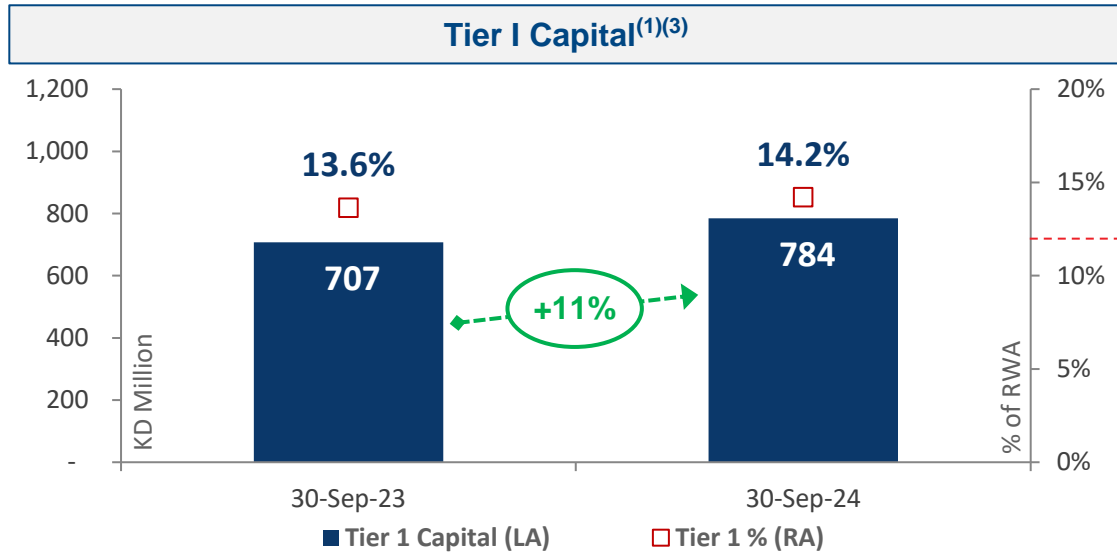


Evolution of Gross Loans Stages 2 and 3 (%)<sup>(1)</sup>



(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

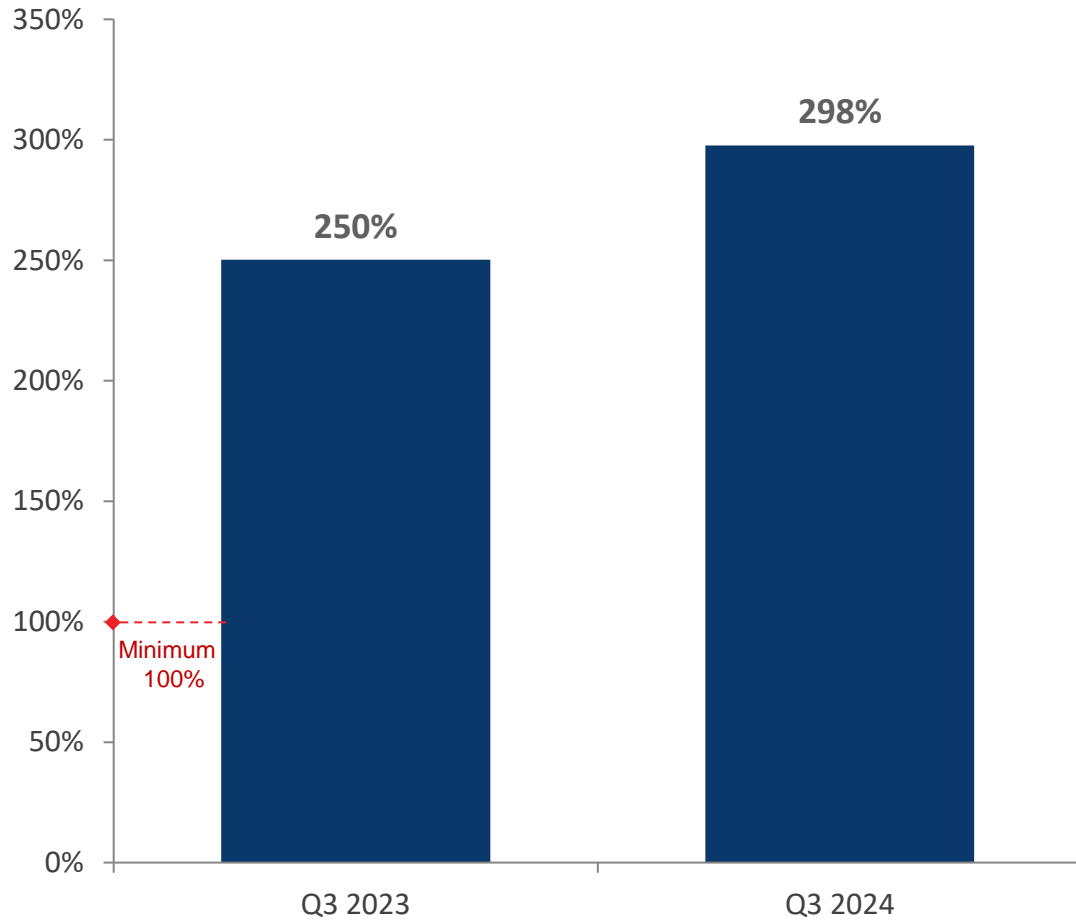


**% Tier 1**      **86%**      **87%**

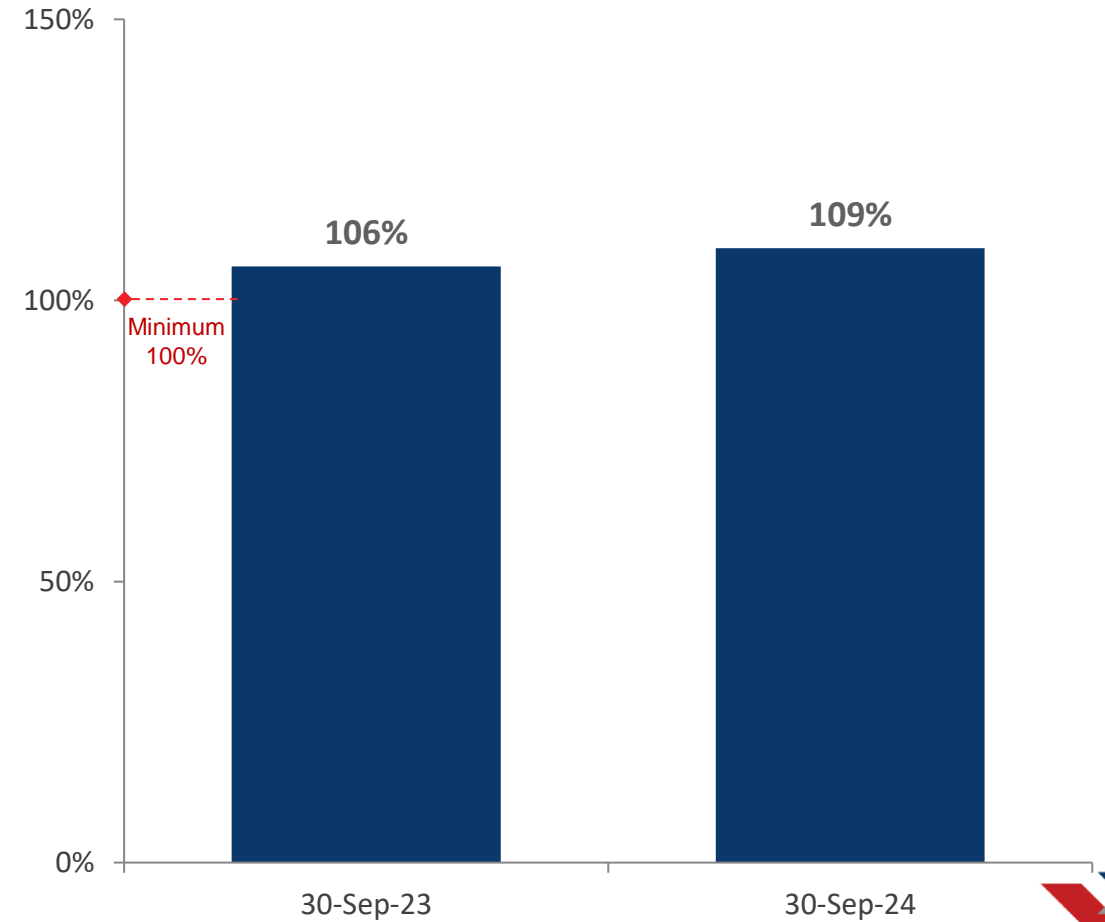
(1) Tier 1 Ratio regulatory minimum is 12%; (2) CAR regulatory minimum is 14%; (3) Tier 1 and CAR regulatory minimums include 1% DSIB charge.

# Liquidity Ratios

Liquidity Coverage Ratio<sup>(1)</sup>



Net Stable Funding Ratio<sup>(1)</sup>



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

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