

Gulf Bank

Investors Presentation

Year End 2023



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At a Glance Year-end 2023



Gulf Bank Strategy 2025



Value Creation Business Model



Sustainability at Gulf Bank



State of Kuwait Operating Environment



Year end 2023 Financial Performance

At a Glance Year-end 2023

Gulf Bank is one of the leading Conventional banks in Kuwait

1960

Founded

1984

Listed on
Kuwait Stock
Exchange

50+

Branches
across
Kuwait

7.2

KD Billion
Total Assets
31 Dec 2023

Shareholder information

Gulf Bank Index Landscape



Listed in Bursa Kuwait
Under Premier Market



FTSE Russell Emerging
Markets Index since
September 2017

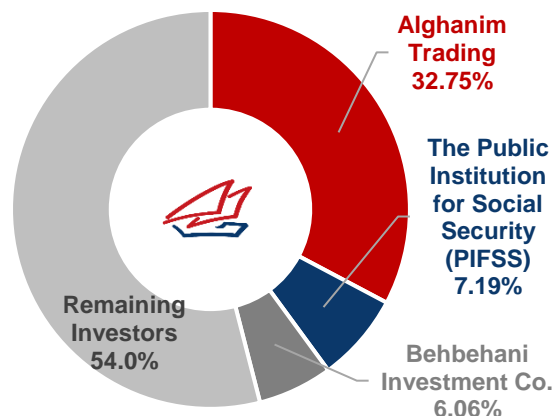


S&P DJI Emerging Market
Index since December 2018



MSCI Emerging Market
Index since November 2020

Ownership Structure as of 31 Dec 2023



Ticker	GBK
ISIN	KW0EQ0100028
Number of Shares Issued	3,621,430,571
Market Cap as of 31 December 2023	KD 1,018 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.

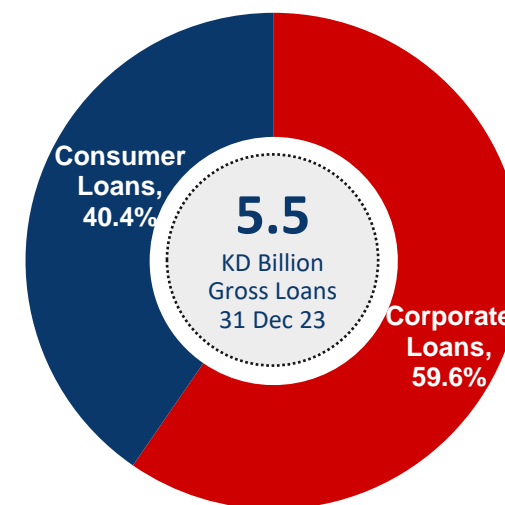
Corporate Segment

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.

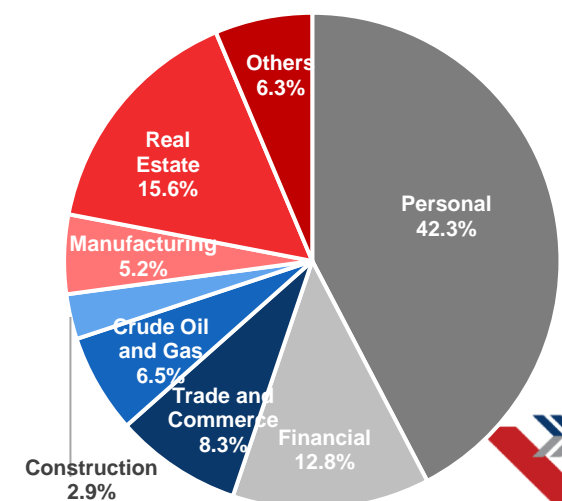
Treasury and Investment

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.



Note: All figures are either as of year end 2023 or as on 31 December 2023.



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Sustainability at Gulf Bank

As Gulf Bank progresses in its ESG performance, it recognizes the importance of adopting responsible banking practices. Through its responsible banking framework, the Bank aims to create long-term value for its stakeholders while minimizing negative impacts on the environment and society. With a focus on stakeholder engagement, the Bank actively seeks input and feedback from its customers, employees, shareholders, and communities to ensure that its strategies align with stakeholder expectations and address their concerns. Additionally, the Bank's materiality assessment process enables the identification and prioritization of the most significant Environmental, Social, and Governance (ESG) issues relevant to its business and stakeholders.

Gulf Bank contribution to and alignment to ESG international and national frameworks



Women's Empowerment Principles (WEPs)



United Nations Sustainable Development Goals (SDGs)



Global Reporting Initiative



بورصة الكويت
BOURSA KUWAIT

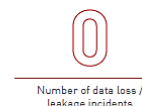
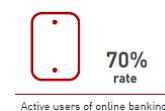
Boursa Kuwait Sustainability Disclosure Guide



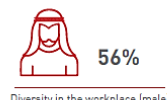
Kuwait National Development Plan (KNDP)

2022 Gulf Bank Sustainability Highlights

Marketplace



Workplace



Community



Environment

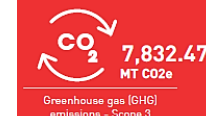




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State of Kuwait Operating Environment

1 Overview

- ▶ **The State of Kuwait is a sovereign state** on the coast of the Arabian Gulf with a population of 4.7 million as of Dec 2022, 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) Effective civil service; 3) Sustainable living environment; 4) Developed infrastructure; 5) High quality healthcare; 6) Creative human capital; and 7) Global positioning.

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 industry breakeven oil prices** in the world and a fiscal breakeven lower than some other GCC countries, 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 \$39,570 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 2.5 bn
Awarded Projects in FY23

- ▶ **The value of awarded projects during FY23** represent the highest level in five years. This represents a 300% y-o-y gain in the value of contracts awarded during 2023. This was led by the Power and Transport Sectors.
 - Power sector projects reached KD 0.9 mn,
 - Transport projects reached KD 0.8 mn.
- ▶ **Kuwait projects award outlook for 2024** is estimated to reach KD 6.0 bn.

Real Estate Activity⁽³⁾

KD 3.1 bn
Total Sales in FY 2023

- ▶ **A decline of 20% FY23 vs FY22.**
 - The decline across most real estate segment with, Residential down 26%, Investment down 18%, and Commercial down 16%.
 - High interest rates environment and high valuations in the residential segment have all contributed to the slowdown.

Banking Sector

10 Banks
5 Conventional & 5 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 Dec 23

- ▶ **An increase of 3.8% y/y.**
- ▶ **The system total credit facilities** reached KD 54 bn, up 2.2% y/y.
- ▶ **Banking sector market capitalization** reached KD 24.3 bn⁽⁵⁾, down 8.7% y/y.

(1) IMF Database(WEO October 2023); (2) MEED Projects, Kamco Invest Research (3) Kuwait Ministry of Justice (MOJ); (4) Central Bank of Kuwait Monthly Statistical Release;

(5) Boursa Kuwait Market Summary by Company Report for the month of December 2023.

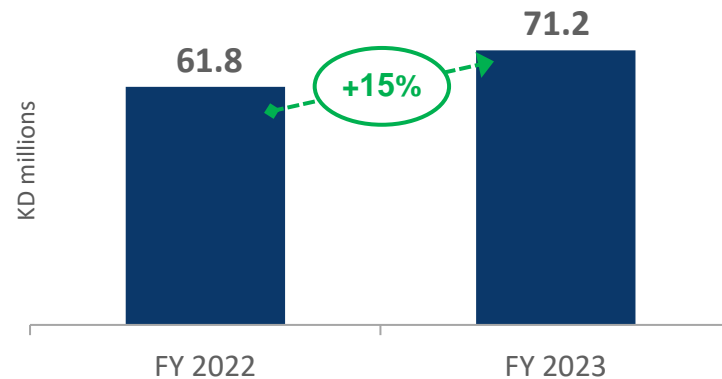


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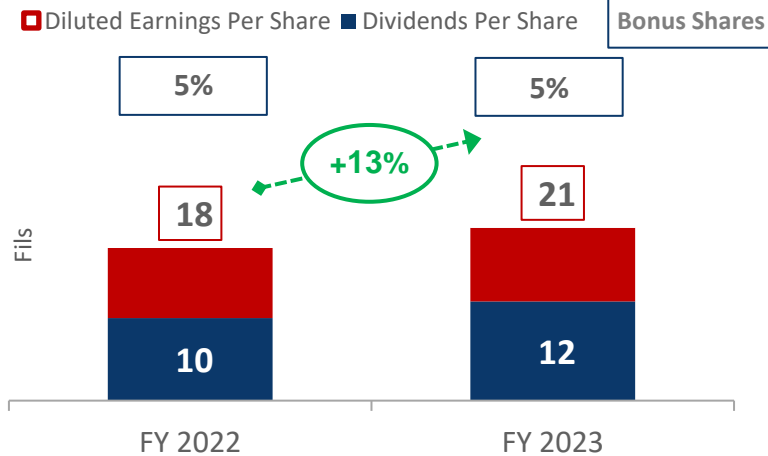
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Year end 2023 Key Highlights

1 Net Profit



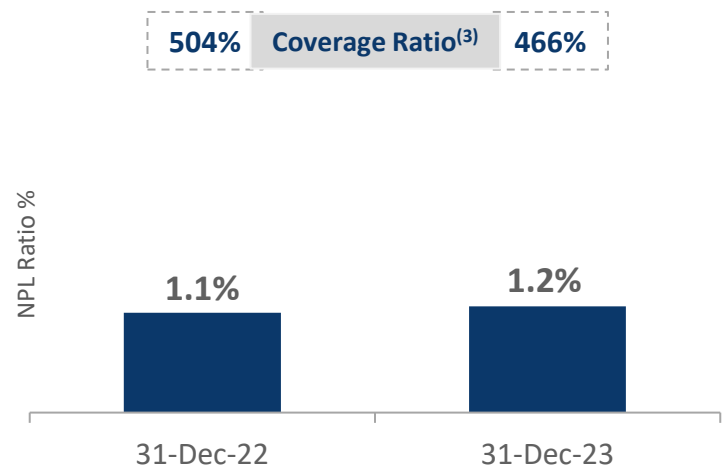
2 Earnings and Dividends Per Share⁽¹⁾



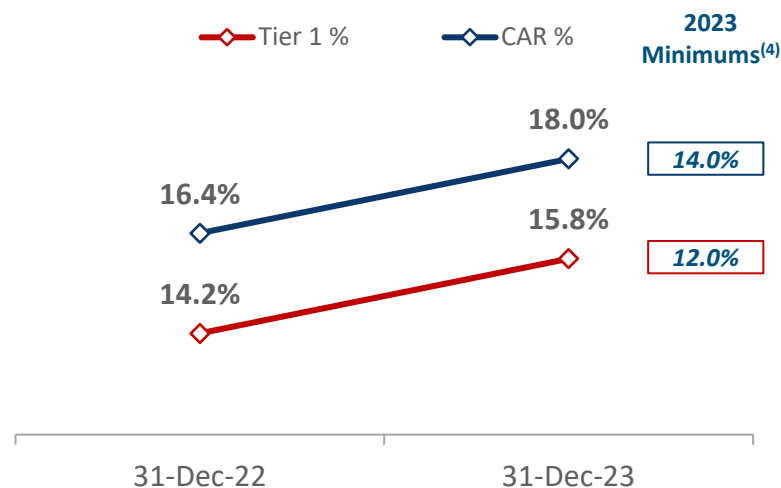
3 Gross Loans and Advances⁽²⁾



4 Asset Quality



5 Capital Ratios

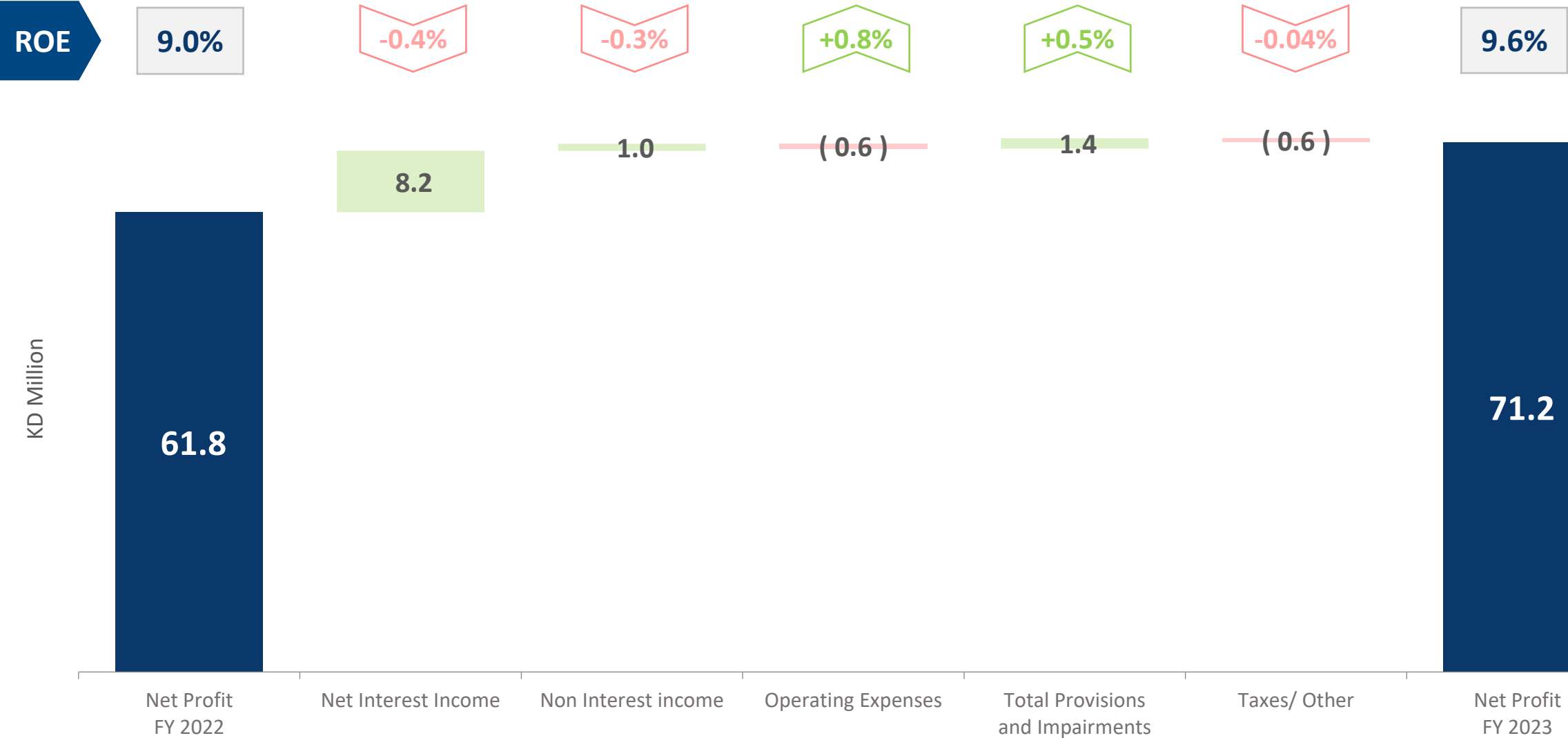


6 Credit Ratings

	Credit Rating	Outlook
Moody's	A3	Positive
CI CAPITAL intelligence	A+	Stable
Fitch Ratings	A	Stable

(1) 2023 proposed cash dividends and bonus shares are subject to Annual General Meeting shareholders approval expect to be held in March 2024; (2) Gross loans and advances is consolidated (loans and advances to banks and customers); (3) Coverage ratio includes total provisions and collaterals; (4) Tier 1 and CAR regulatory minimums include 1% DSIB charge.

Year-end 2023 Net Profit vs. Year-end 2022 Net Profit Evolution



Income Statement

KD Millions	Q1 2022A	Q2 2022A	Q3 2022A	Q4 2022A	Q1 2023A	Q2 2023A	Q3 2023A	Q4 2023A	Q4 23A vs Q3 23A		FY 2022A	FY 2023A	FY 23A vs FY 22A	
									Amt	%			Amt	%
1 Interest Income	46.7	52.5	67.0	78.3	85.6	89.8	95.0	99.6	4.6	5%	244.5	370.0	125.5	51%
2 Interest Expense	(14.4)	(19.1)	(29.6)	(39.2)	(50.8)	(53.0)	(56.2)	(59.5)	(3.3)	-6%	(102.3)	(219.5)	(117.3)	-115%
3 Net Interest Income	32.2	33.5	37.4	39.1	34.8	36.8	38.7	40.1	1.3	3%	142.2	150.4	8.2	6%
4 Non Interest Income ⁽¹⁾	9.3	10.3	9.6	9.7	11.6	9.0	9.1	10.1	0.9	10%	38.9	39.8	1.0	2%
5 Operating Income	41.5	43.8	47.0	48.7	46.4	45.9	47.9	50.1	2.3	5%	181.1	190.3	9.2	5%
6 Operating Expenses	(19.8)	(21.5)	(21.6)	(23.3)	(21.4)	(21.5)	(21.9)	(22.0)	(0.0)	0%	(86.2)	(86.8)	(0.6)	-1%
7 Operating Profit	21.7	22.3	25.3	25.4	25.0	24.3	25.9	28.2	2.2	9%	94.9	103.4	8.6	9%
8 Credit Costs ⁽²⁾	(5.1)	(2.9)	(8.0)	(8.8)	(7.2)	(4.9)	(7.2)	(9.9)	(2.7)	-37%	(24.9)	(29.2)	(4.2)	-17%
9 General Provisions/Other ⁽³⁾	(0.9)	(3.4)	(1.1)	0.4	0.3	0.0	0.1	0.1	(0.0)	9%	(5.0)	0.6	5.6	112%
10 Taxes/ Other	(0.7)	(0.7)	(0.7)	(0.9)	(0.8)	(0.9)	(0.9)	(1.0)	(0.2)	-17%	(3.1)	(3.6)	(0.6)	-18%
11 Net Profit	15.0	15.2	15.4	16.1	17.3	18.5	18.0	17.4	(0.6)	-3%	61.8	71.2	9.4	15%
12 Return on Assets (ROA) %	0.9%	0.9%	0.9%	0.9%	1.0%	1.1%	1.0%	1.0%			0.9%	1.0%		
13 Return on Equity (ROE) %	9.2%	9.1%	8.9%	9.0%	9.9%	10.4%	9.8%	8.9%			9.0%	9.6%		
14 Cost to Income Ratio (CIR) %	47.7%	49.0%	46.0%	47.8%	46.1%	46.9%	45.8%	43.8%			47.6%	45.6%		
15 Net Interest Margin (NIM) bps ⁽⁴⁾	200	201	213	223	207	215	221	225			210	217		
16 Cost of Risk (COR) bps ⁽⁵⁾	40	22	58	64	54	36	52	72			47	54		

(1) Includes Fees and Foreign Exchange Income and Other Income; (2) Includes specific provisions, recoveries, and write-offs (3) Includes General Provisions, Other Provisions/Impairments;

(4) Net Interest Income / Average assets; (5) Credit Costs / Average gross loans and advances.

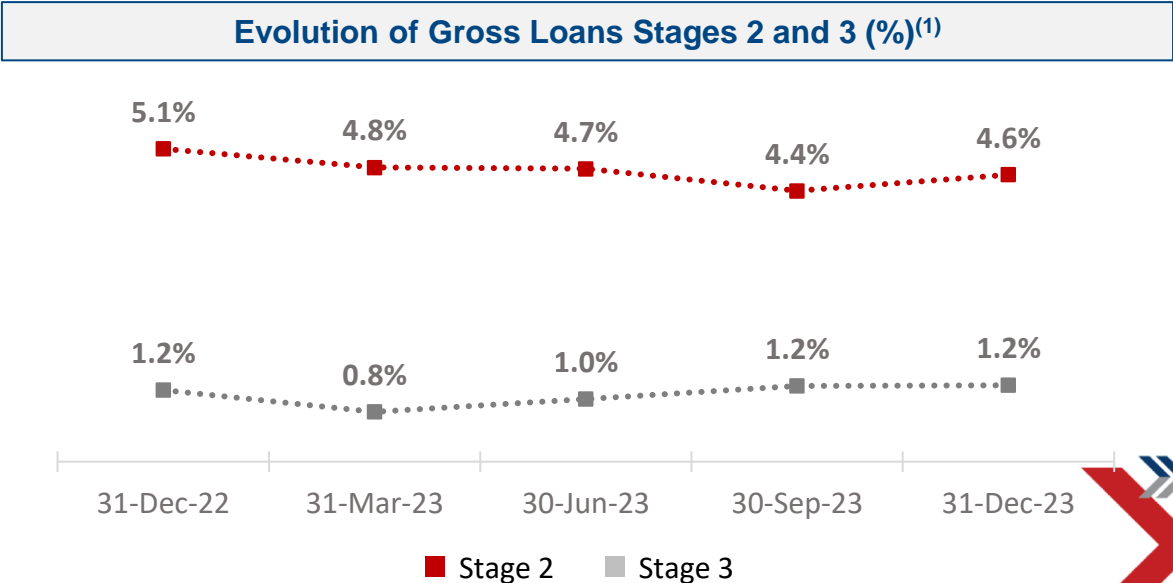
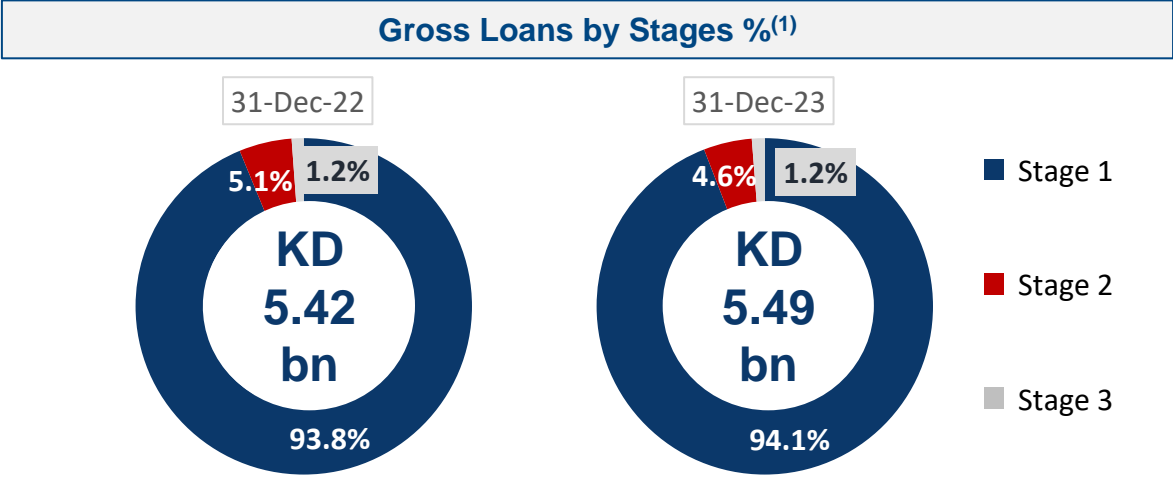
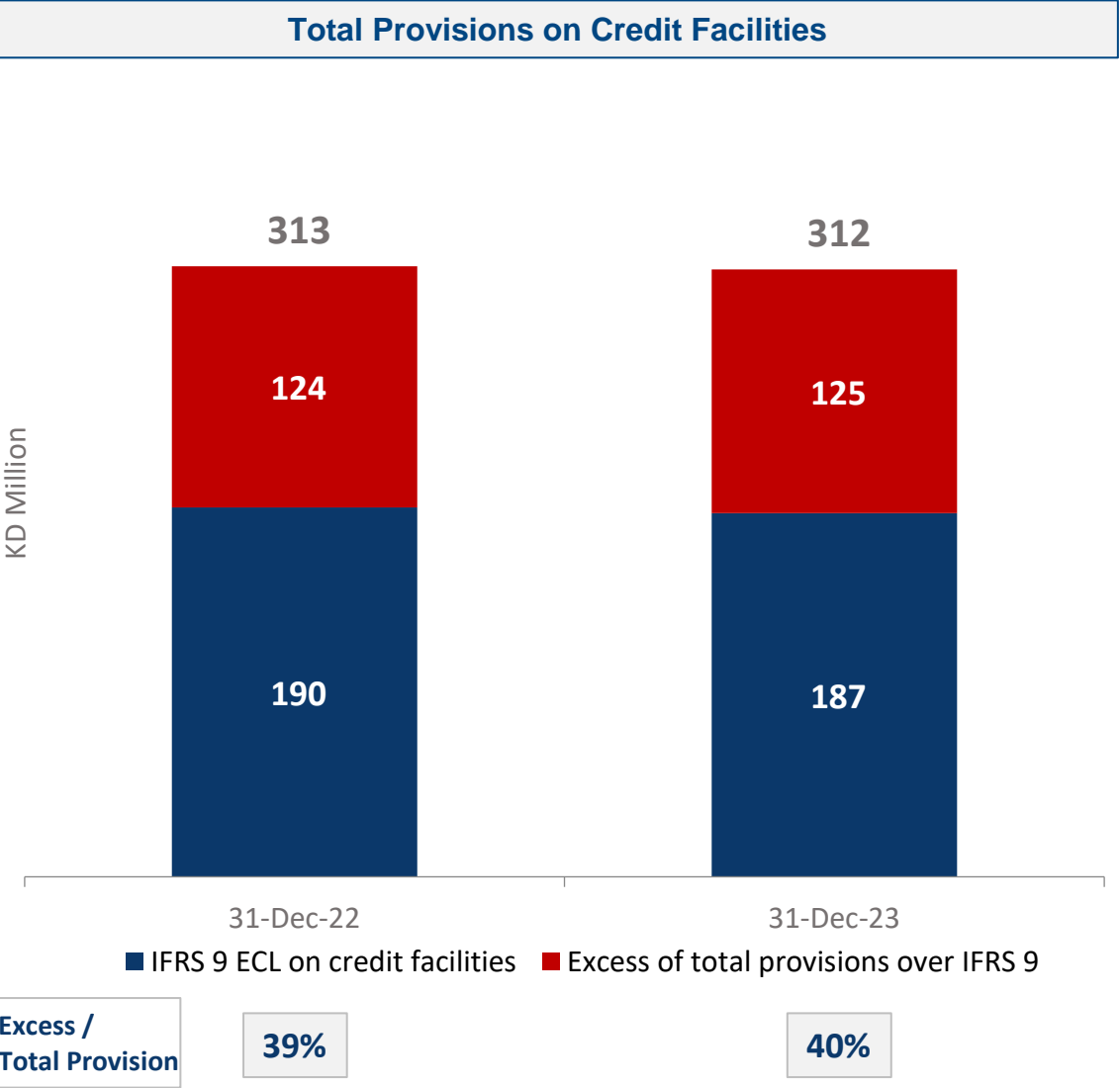
[GBK Classification: **PUBLIC**]

Balance Sheet

KD Millions	31-Dec-22	% of Total	31-Mar-23	% of Total	30-Jun-23	% of Total	30-Sep-23	% of Total	31-Dec-23	% of Total	Var Dec 23 vs Dec 22		Var Dec 23 vs Sep 23	
											Amount	%	Amount	%
ASSETS														
1 Cash and cash equivalents	930		1,047		1,079		1,130		1,094		164	18%	-36	-3%
2 Kuwait Government Bonds	22		22		22		17		17		-6	-25%	0	0%
3 CBK Bonds	338		343		342		332		338		0	0%	6	2%
4 Deposits with banks and OFIs	131		56		66		74		181		50	38%	107	144%
5 Liquid Assets	1,421	21%	1,468	22%	1,509	22%	1,553	22%	1,629	23%	208	15%	76	5%
6 Gross loans and advances ⁽¹⁾	5,423		5,394		5,463		5,449		5,490		68	1%	41	1%
7 Provisions	-294		-285		-289		-293		-294		0	0%	-1	0%
8 Net Loans and advances	5,129	75%	5,109	75%	5,174	75%	5,157	74%	5,197	72%	68	1%	40	1%
9 Investment securities	129	2%	92	1%	73	1%	109	2%	191	3%	62	48%	83	76%
10 Other assets	134		112		117		114		118		-16	-12%	4	4%
11 Premises and equipment	39		39		40		39		39		1	2%	1	2%
12 Other assets	173	3%	151	2%	158	2%	153	2%	158	2%	-15	-9%	5	3%
13 TOTAL ASSETS	6,851	100%	6,821	100%	6,914	100%	6,971	100%	7,175	100%	323	5%	204	3%
LIABILITIES														
14 Due to banks	490		322		318		416		256		-233	-48%	-159	-38%
15 Deposits from FIs	775		908		970		855		1,149		374	48%	293	34%
16 Customer deposits	4,247	62%	4,191	61%	4,216	61%	4,265	61%	4,219	59%	-28	-1%	-46	-1%
17 Other borrowed funds	494		539		539		540		570		76	15%	30	6%
18 Other liabilities	126		156		147		155		164		37	29%	9	6%
19 TOTAL LIABILITIES	6,131	89%	6,116	90%	6,190	90%	6,231	89%	6,358	89%	226	4%	127	2%
20 Total Equity	720	11%	705	10%	723	10%	740	11%	817	11%	97	13%	77	10%
21 TOTAL LIABILITIES AND EQUITY	6,851	100%	6,821	100%	6,914	100%	6,971	100%	7,175	100%	323	5%	204	3%
22 Average assets	6,767		6,836		6,862		6,889		6,946					
23 Average equity	686		712		716		722		741					
24 NPL ratio	1.1%		0.8%		1.0%		1.2%		1.2%					
25 Coverage ratio ⁽²⁾	504%		692%		546%		470%		466%					
26 CASA Ratio	35.2%		35.3%		34.8%		32.3%		29.7%					

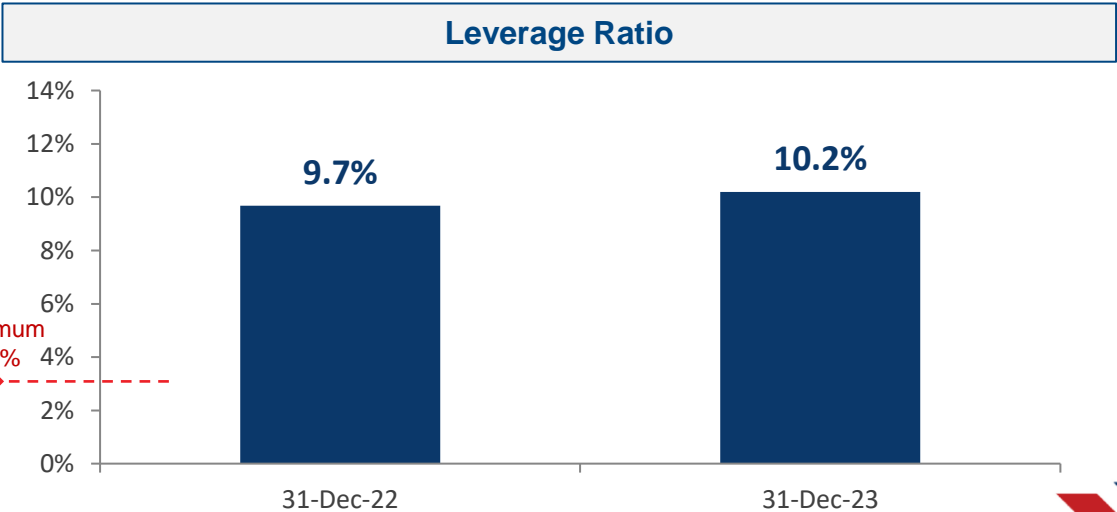
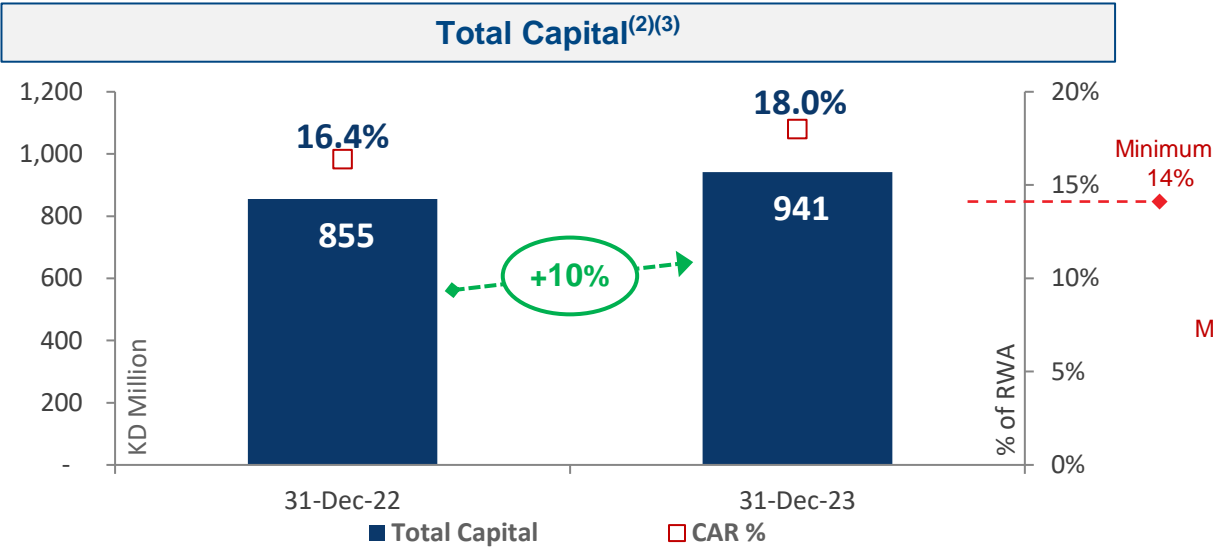
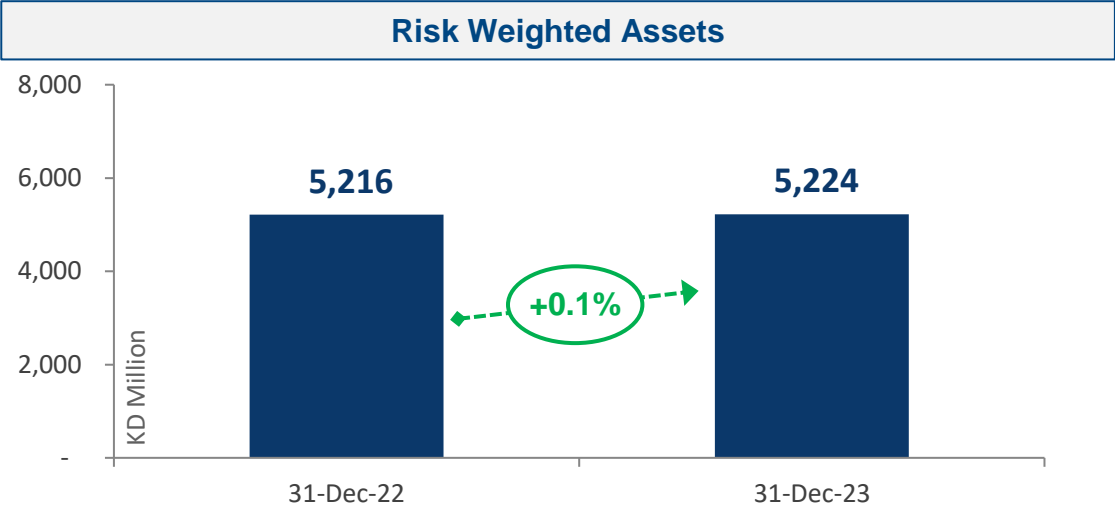
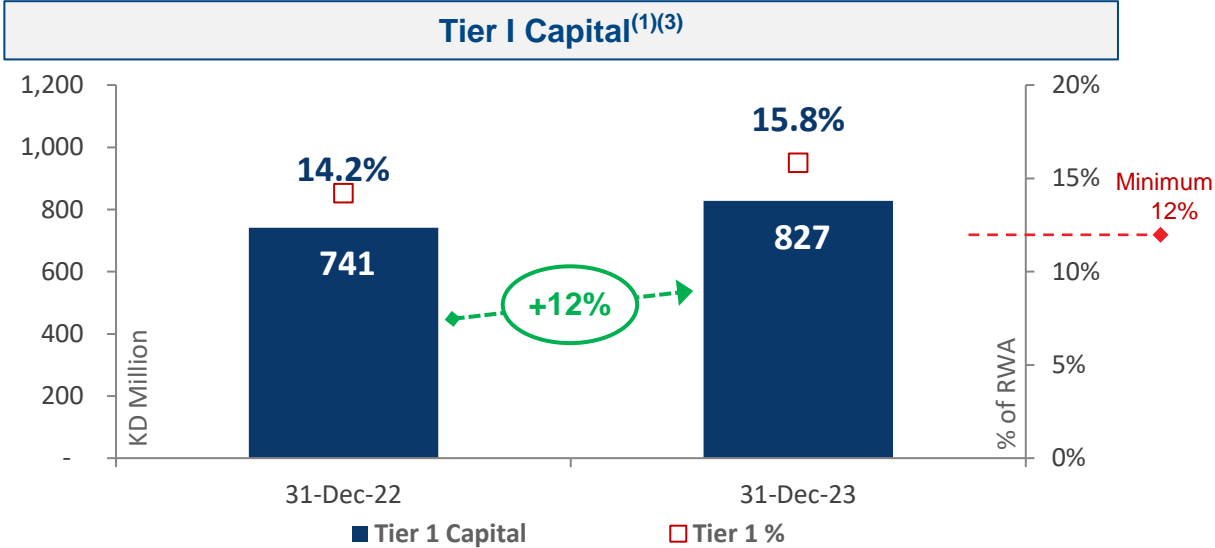
(1) Gross loans and advances is consolidated (loans and advances to banks and customers); (2) Coverage ratio includes total provisions and collaterals.

Total Credit Provisions exceed IFRS 9 accounting requirements by KD 125 million



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

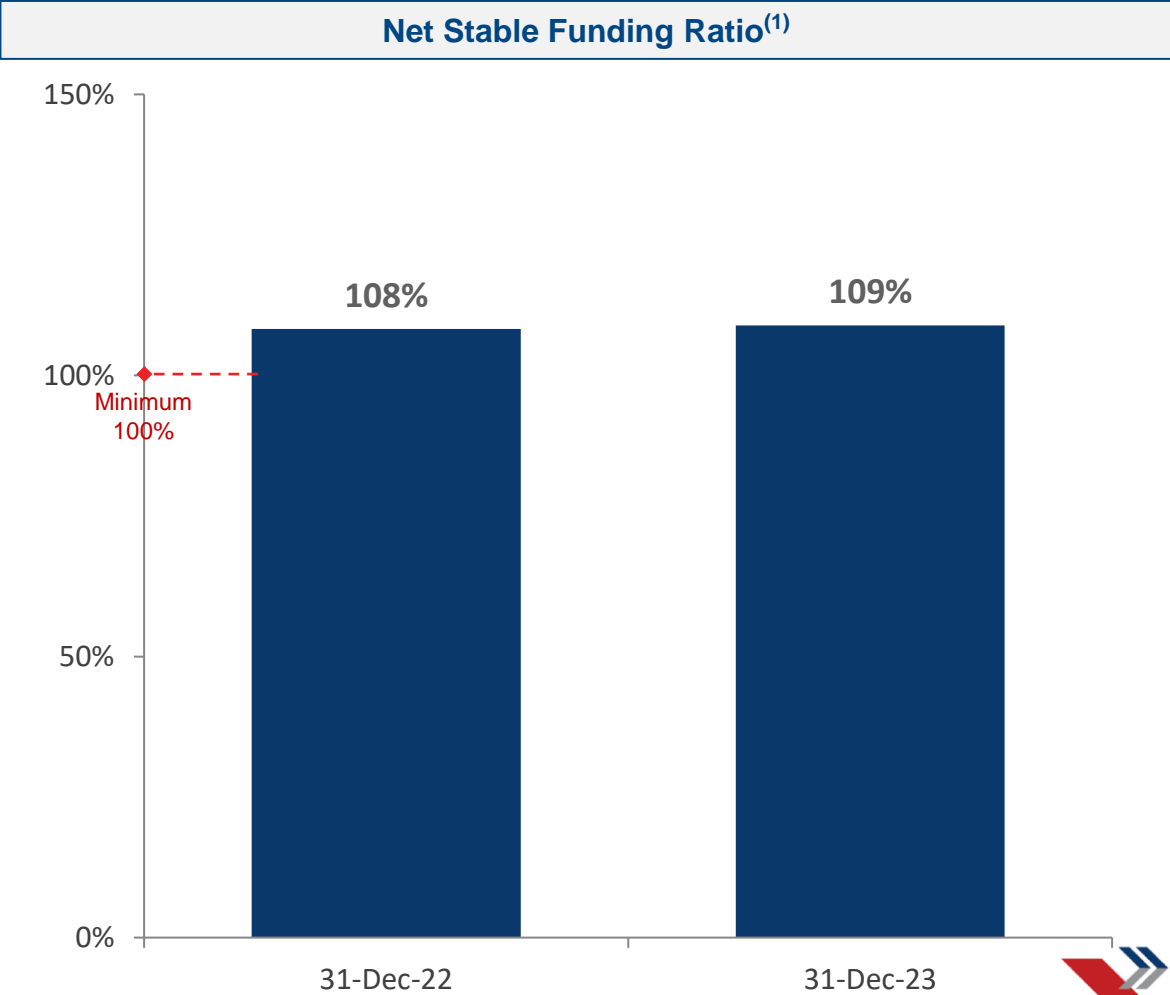
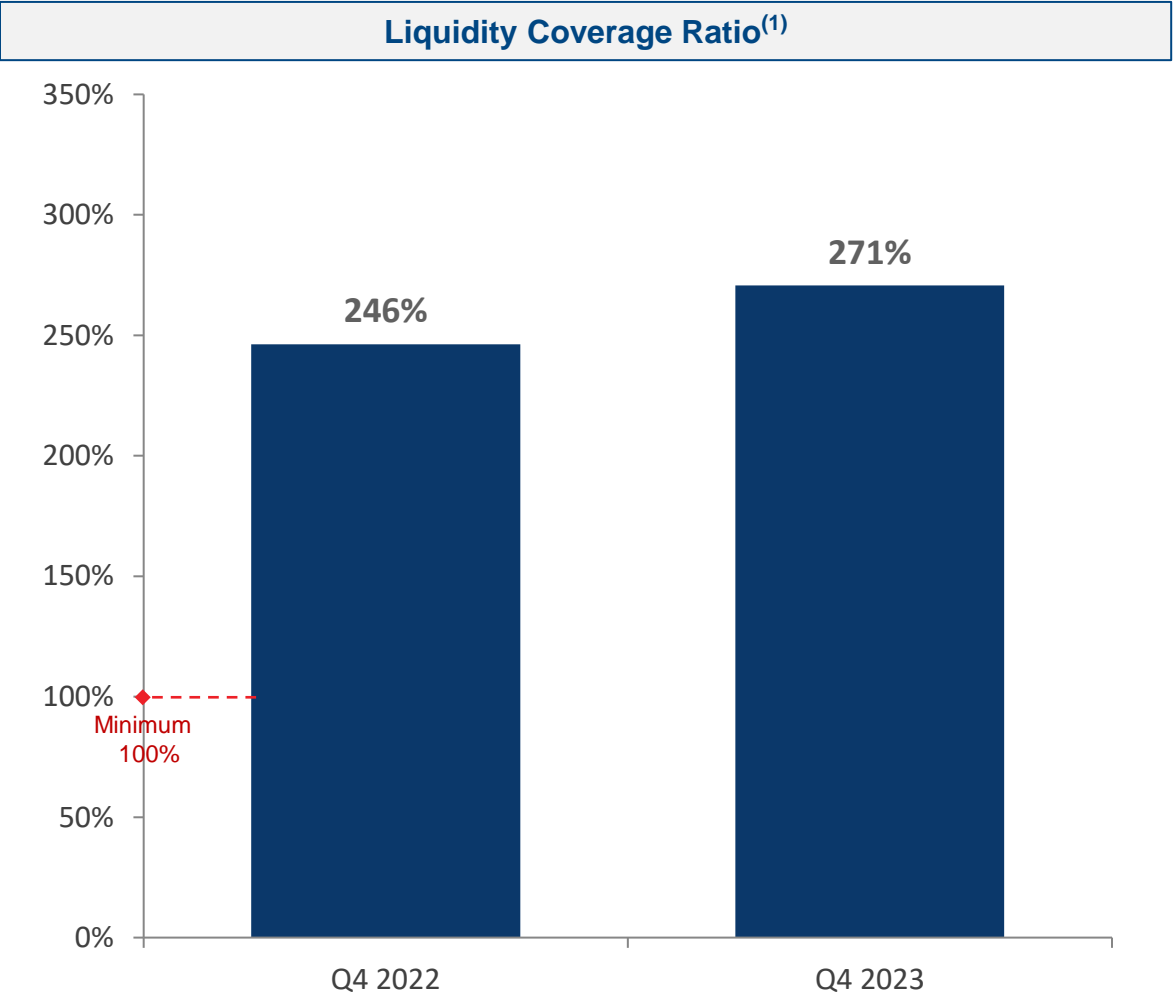
Capital and Leverage Ratios



% Tier 1	87%	88%
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(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



(1) Liquidity Coverage Ratio and Net Stable Funding Ratio regulatory minimums is 100% in 2023.

Guidance for the year 2024

<i>Earlier Guidance</i>		Actual Outcome FY 2023	Forward Guidance In 2024
1	Loan Growth Grow faster than the market in Retail	✓ 2.5% vs 1.5% ⁽¹⁾	<i>Mid-single digits for total loans</i>
2	Cost to Income Ratio Decrease	✓ ↓ 200 bps	<i>Decrease</i>
3	Cost of Risk Under 100 bps	✓ 54 bps	<i>50 to 70 bps</i>
4	NPL Ratio Under 2%	✓ 1.2%	<i>Under 2%</i>

(1) Source: Central Bank of Kuwait Monthly Statistics to the end of December 2023.

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Thank you

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