



Gulf Bank

Earnings Call

Year End 2019

11 February 2020



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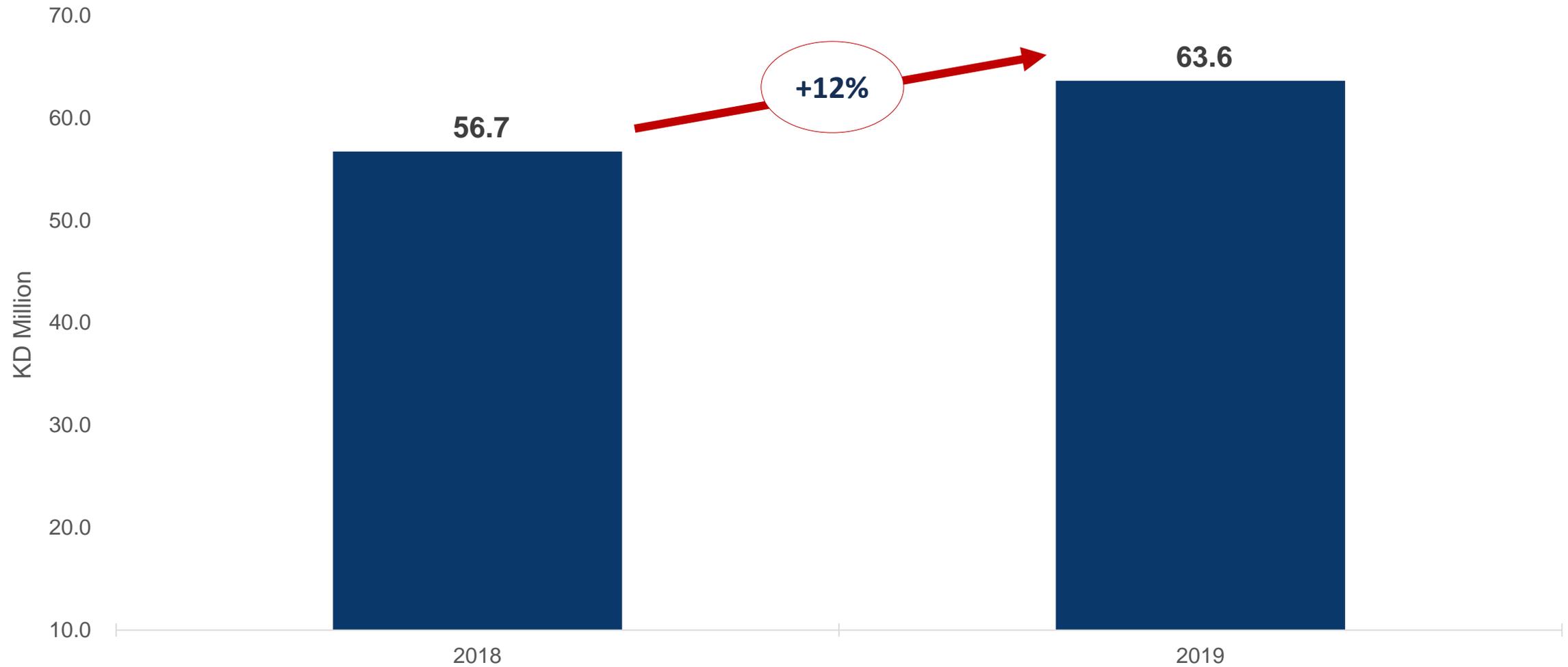
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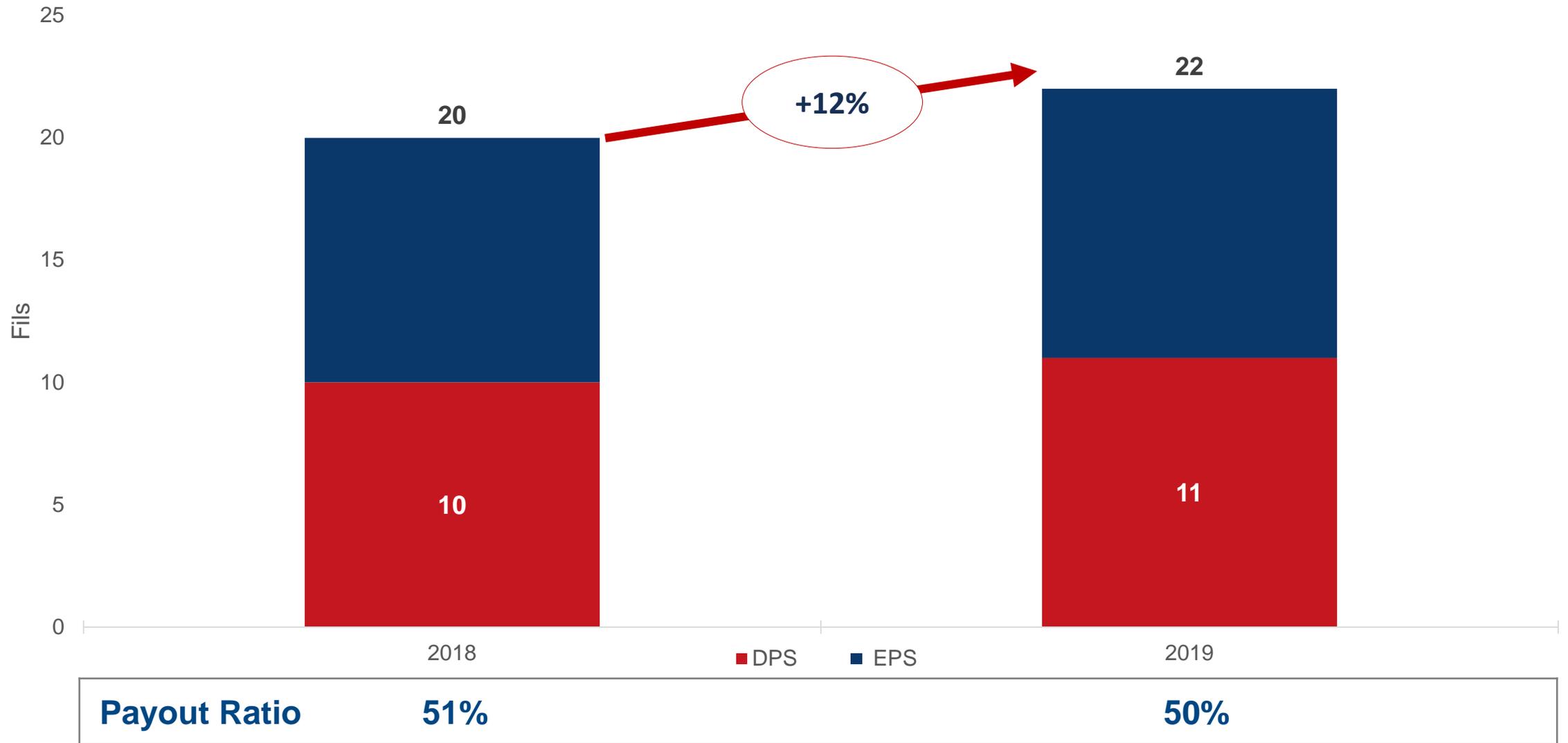
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1. 2019 Net profit up 12% to KD 63.6 million

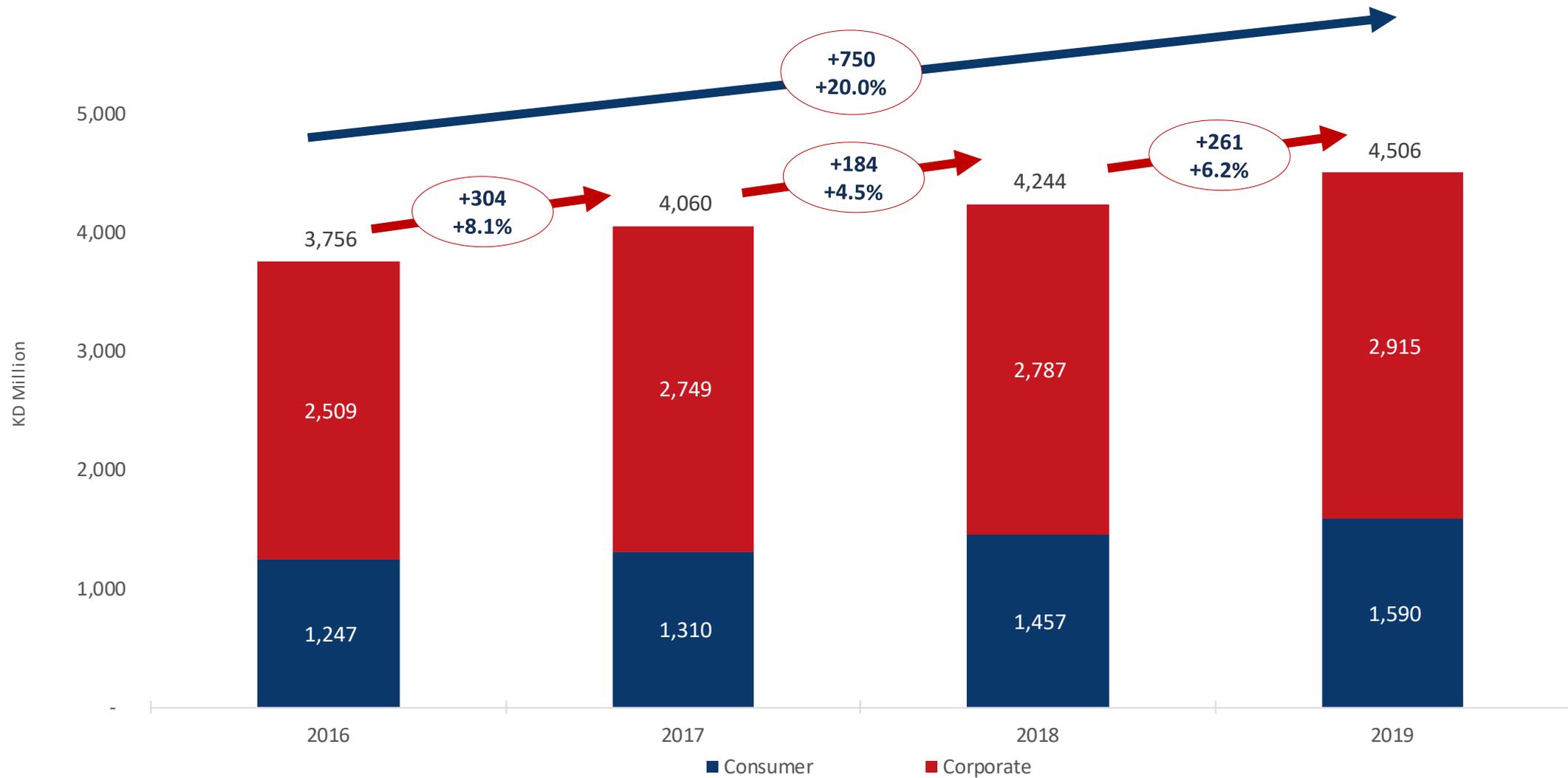


2. Earnings per share up 12% to 22 fils...Recommending dividend of 11 fils per share (50% payout ratio)

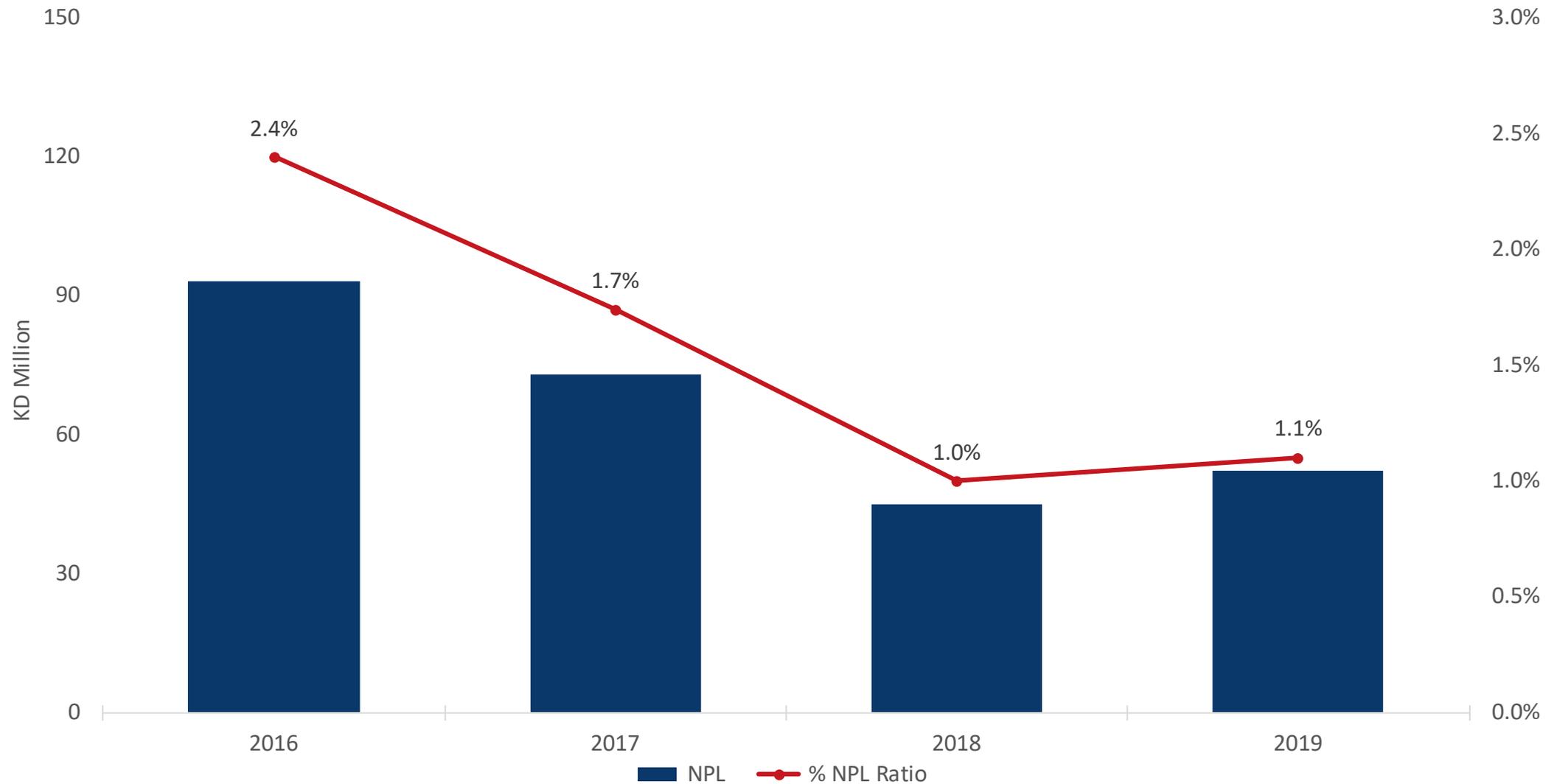


Note: 2019 Dividends are subject to AGM Approval

3. Customer Loans reached another all-time high of KD 4.5 billion.. up KD 261 million (+6.2%) vs. 2018



4. Non-performing loans stabilizing near industry norms



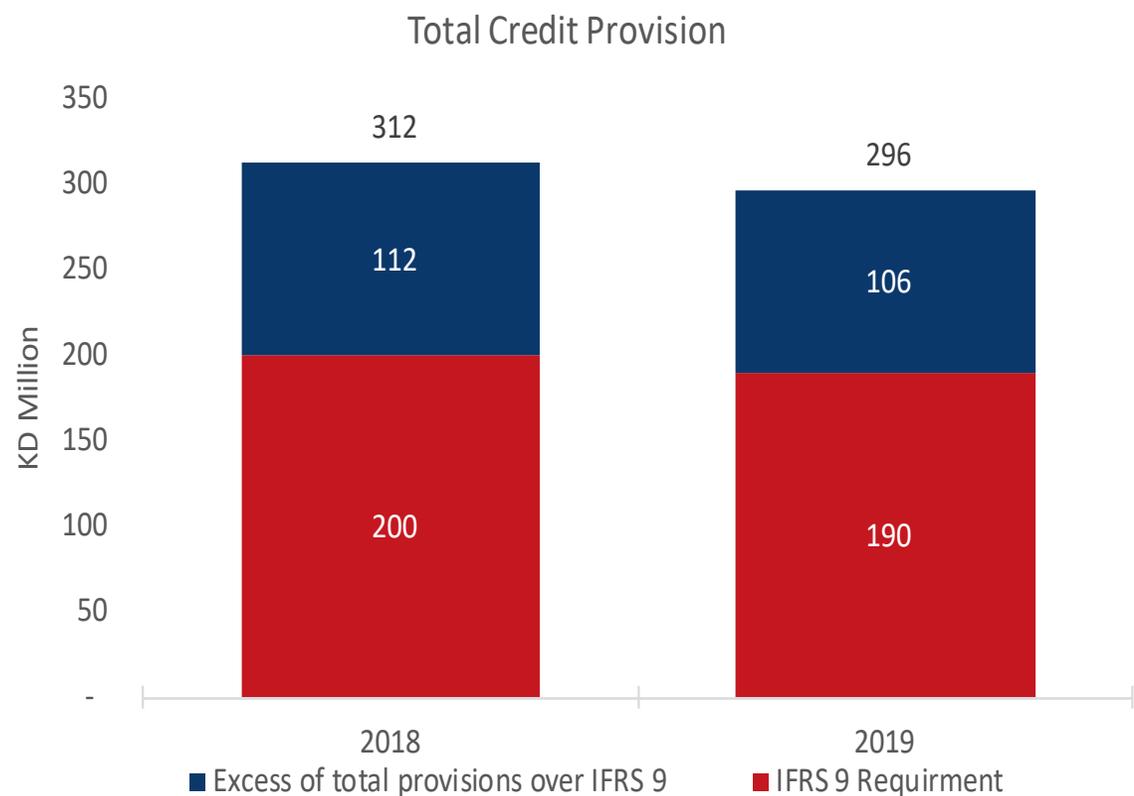
5. Maintaining 'A' ratings from all four major credit rating agencies

| Rating Agency | Criteria | Rating |
|--|---------------------------------|----------|
|  | Long-Term Deposits | A3 |
| | Outlook | Positive |
|  | Long-Term Issuer Default Rating | A+ |
| | Outlook | Stable |
|  | Issuer Credit Rating | A- |
| | Outlook | Stable |
|  | Long-Term Foreign Currency | A+ |
| | Outlook | Stable |

Balance Sheet

| KD Millions | 31-Dec-18 | % of Total | 31-Dec-19 | % of Total | 31-Dec-19 vs 31-Dec-18 | |
|--|--------------|-------------|--------------|-------------|---------------------------|------------|
| ASSETS | | | | | | |
| 1 Cash and cash equivalents | 742 | 12% | 848 | 14% | 106 | 14% |
| 2 Kuwait Government Bonds | 396 | 7% | 232 | 4% | (164) | -41% |
| 3 CBK Bills | 322 | 5% | 279 | 4% | (43) | -13% |
| 4 Deposits with banks and OFIs | 157 | 3% | 128 | 2% | (28) | -18% |
| 5 Liquid Assets | 1,616 | 27% | 1,487 | 24% | (129) | -8% |
| 6 Loans and advances to customers | 4,244 | 71% | 4,506 | 72% | 261 | 6% |
| 7 Loans and advances to banks | 145 | 2% | 214 | 3% | 69 | 48% |
| 8 Provisions | (296) | -5% | (282) | -5% | 13 | -5% |
| 9 Net Loans | 4,094 | 68% | 4,438 | 71% | 344 | 8% |
| 10 Investment securities | 167 | 3% | 171 | 3% | 3 | 2% |
| 11 Other assets | 107 | 2% | 114 | 2% | 6 | 6% |
| 12 Premises and equipment | 32 | 1% | 37 | 1% | 5 | 16% |
| 13 Other assets | 139 | 2% | 150 | 2% | 11 | 8% |
| 14 TOTAL ASSETS | 6,016 | 100% | 6,245 | 100% | 229 | 4% |
| LIABILITIES | | | | | | |
| 15 Due to banks | 414 | 7% | 399 | 6% | (16) | -4% |
| 16 Deposits from FIs | 1,006 | 17% | 1,018 | 16% | 13 | 1% |
| 17 Customer deposits | 3,735 | 62% | 3,950 | 63% | 215 | 6% |
| 18 Subordinated Tier II Bonds | 100 | 2% | 100 | 2% | 0 | 0% |
| 19 Other liabilities | 133 | 2% | 114 | 2% | (19) | -14% |
| 20 TOTAL LIABILITIES | 5,388 | 90% | 5,581 | 89% | 193 | 4% |
| 21 Total Equity | 629 | 10% | 664 | 11% | 36 | 6% |
| 22 TOTAL LIABILITIES AND EQUITY | 6,016 | 100% | 6,245 | 100% | 229 | 4% |
| 23 Average assets | 5,839 | | 6,053 | | 214 | 4% |
| 24 Average equity | 606 | | 634 | | 28 | 5% |
| 25 NPL Ratio (2.6% as of 30 Sep 2019) | 1.0% | | 1.1% | | | |
| 26 Coverage ratio (314% as of 30 Sep 2019) | 710% | | 602% | | | |

Total Credit Provisions exceed IFRS9 accounting requirements by KD 106 million



Excess / Total Provision **36%**

36%

Comparison between total provisions and IFRS 9 Excess Credit Loss (ECL) on credit facilities

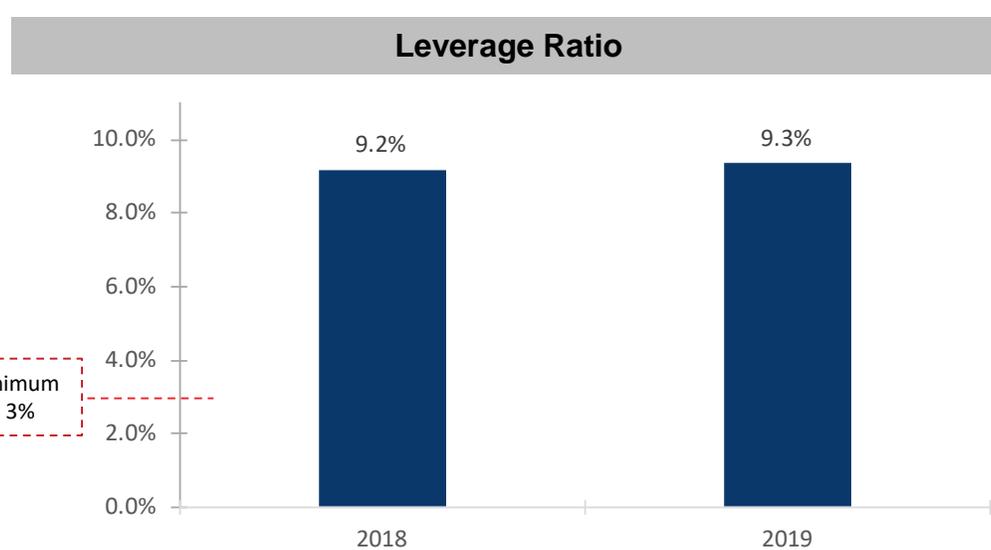
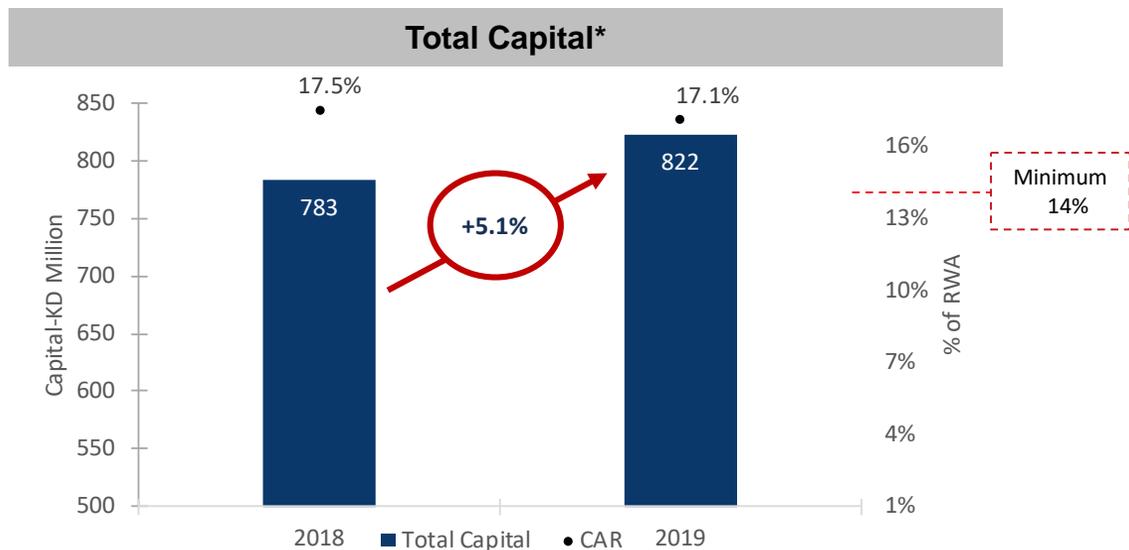
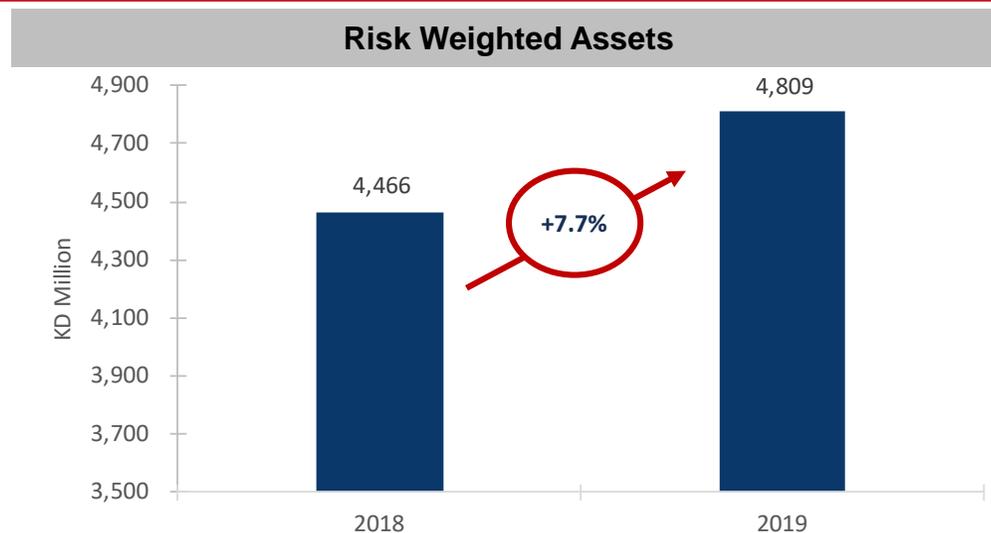
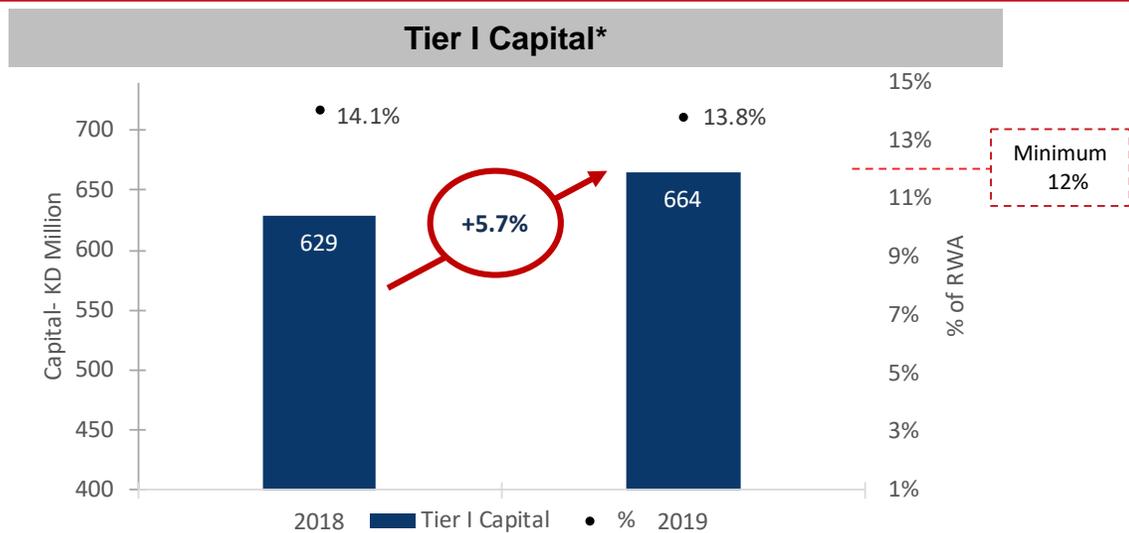
| (KD Millions) | 2018 | 2019 |
|--|------------|------------|
| Provision on cash facilities | 296 | 282 |
| Provision on non-cash facilities | 16 | 14 |
| Total provisions on credit facilities (A) | 312 | 296 |
| IFRS 9 ECL on credit facilities (B) | 200 | 190 |
| Excess of total provisions over IFRS 9 ECL on credit facilities (A-B) | 112 | 106 |

Income Statement

| | KD Millions | 2017 | % of Avg. Assets | 17 vs 16 | | 2018 | % of Avg. Assets | 18 vs 17 | | 2019 | % of Avg. Assets | 19 vs 18 | |
|----|----------------------------|-------------|------------------|------------|--------------|-------------|------------------|------------|--------------|-------------|------------------|------------|--------------|
| 1 | Interest Income | 206 | 3.7% | 26 | 15% | 243 | 4.2% | 37 | 18% | 276 | 4.6% | 33 | 14% |
| 2 | Interest Expense | (74) | -1.3% | (11) | -17% | (90) | -1.5% | (16) | 22% | (111) | -1.8% | (21) | 23% |
| 3 | Net Interest Income | 132 | 2.36% | 15 | 13% | 153 | 2.61% | 20 | 15% | 164 | 2.72% | 12 | 8% |
| 4 | Fees/ FX | 40 | 0.7% | (1) | -2% | 39 | 0.7% | (1) | -2% | 40 | 0.7% | 0 | 1% |
| 5 | Other Income | 9 | 0.2% | (2) | -18% | 3 | 0.0% | (6) | -70% | 4 | 0.1% | 1 | 35% |
| 6 | Operating Income | 181 | 3.2% | 13 | 8% | 194 | 3.3% | 13 | 7% | 208 | 3.4% | 13 | 7% |
| 7 | Operating Expenses | (64) | -1.1% | (1) | -2% | (67) | -1.1% | (3) | -4% | (78) | -1.3% | (11) | 16% |
| 8 | Operating Margin | 117 | 2.1% | 12 | 11% | 127 | 2.2% | 10 | 9% | 130 | 2.1% | 2 | 2% |
| 9 | Provisions/ Impairment | (67) | -1.2% | (6) | U | (68) | -1.2% | (1) | U | (63) | -1.0% | 5 | F |
| 10 | Taxes/ Other | (2) | 0.0% | (0) | U | (3) | 0.0% | (0) | U | (3) | -0.1% | (0) | U |
| 11 | Net Profit | 48.0 | 0.86% | 5.1 | 11.8% | 56.7 | 0.97% | 8.7 | 18.2% | 63.6 | 1.05% | 6.9 | 12.2% |
| 12 | ROA | 0.86% | | | | 0.97% | | | | 1.05% | | | |
| 13 | ROE | 8.3% | | | | 9.4% | | | | 10.0% | | | |
| 14 | Cost to income ratio | 35.4% | | | | 34.5% | | | | 37.6% | | | |
| 15 | Cost of Risk* | 2.14% | | | | 0.03% | | | | 1.38% | | | |

* Credit Costs / Average gross customer loans

Capital Ratios well above regulatory requirements

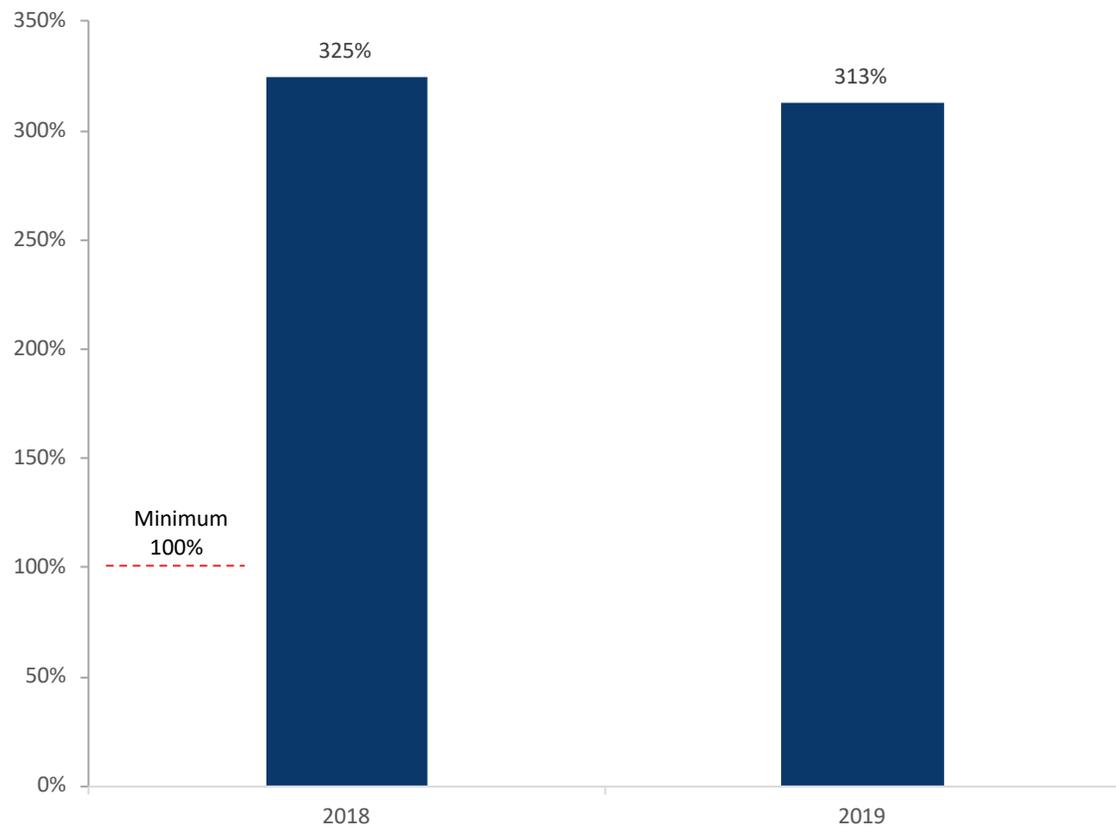


% Tier 1 **80%** **81%**

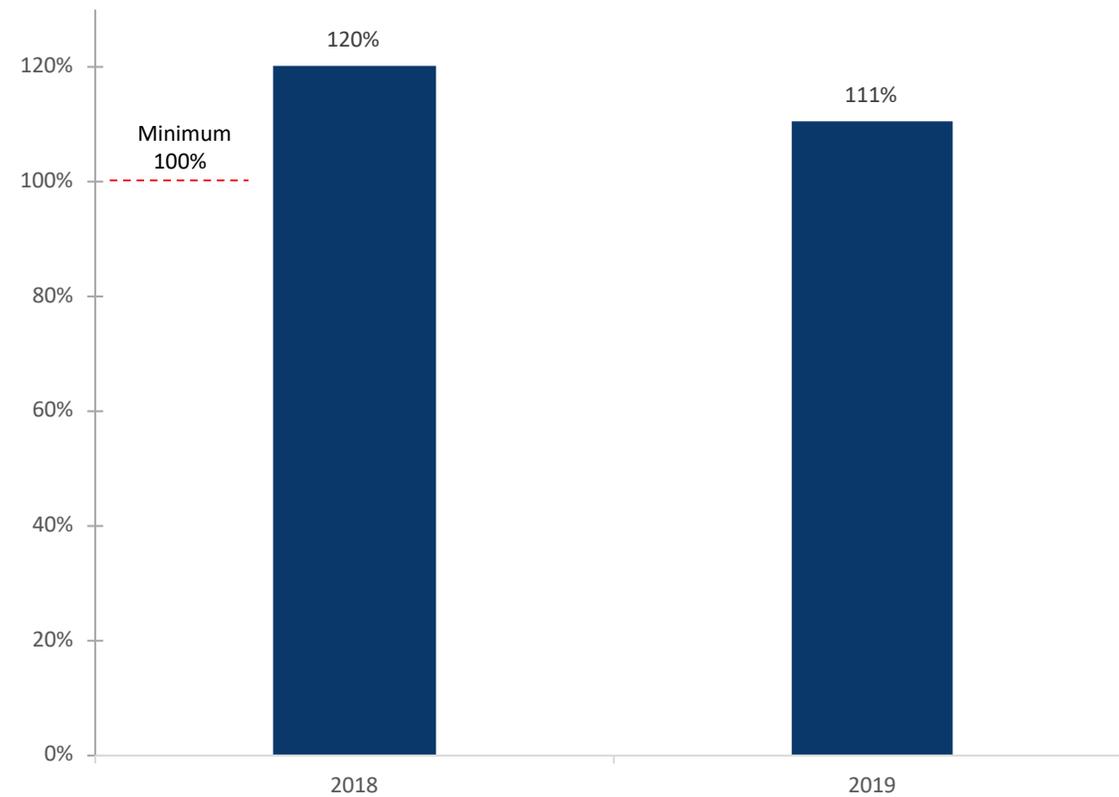
* Tier 1 and Capital Adequacy Ratio (CAR) regulatory minimums include 1% DSIB.

Liquidity Ratios

Liquidity Coverage Ratio



Net Stable Funding Ratio



Q&A

Gulf Bank

Investor Relations Team

Tel : +965 22449501

Fax : +965 2243-7872

P.O. Box 3200, Safat, 13032 Kuwait

Investor.relations@gulfbank.com.kw