

GULF BANK GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

30 JUNE 2025



Shape the future
with confidence

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
Burj Alshaya, 16TH & 17TH Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
<https://www.ey.com>

Deloitte.

Deloitte & Touche
Al-Wazzan & Co.

Ahmed Al-Jaber Street, Sharq
Dar Al-Awadi Complex, Floors 7 & 9
P.O. Box 20174, Safat 13062
Kuwait

Tel : + 965 22408844, 22438060
Fax: + 965 22408855, 22452080
www.deloitte.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF GULF BANK K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Bank K.S.C.P. (the “Bank”) and its subsidiary (collectively the “Group”) as at 30 June 2025, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the six months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Bank’s Memorandum of Incorporation and Articles of Association, as amended, during the six months period ended 30 June 2025 that might have had a material effect on the business of the Bank or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, during the six months period ended 30 June 2025 that might have had a material effect on the business of the Bank or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

ALI B. AL-WAZZAN
LICENCE NO. 246 A
DELOITTE & TOUCHE
AL-WAZZAN & CO.

24 July 2025
Kuwait

GULF BANK GROUP
Interim Condensed Consolidated Statement of Income
(Unaudited)

PERIOD ENDED 30 JUNE 2025

		<i>3 months ended</i>	<i>3 months ended</i>	<i>6 months ended</i>	<i>6 months ended</i>
		<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
		<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
<i>Note</i>		<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Interest income		94,623	102,270	187,219	200,888
Interest expense		56,997	63,041	114,474	123,243
Net interest income		37,626	39,229	72,745	77,645
Net fees and commissions		7,106	6,086	12,932	12,623
Net gains from dealing in foreign currencies and derivatives		2,246	2,474	4,672	5,043
Dividend income		100	21	353	391
Other income		701	805	1,051	1,176
Operating income		47,779	48,615	91,753	96,878
Staff expenses		13,708	13,464	27,044	26,787
Occupancy costs		625	675	1,281	1,372
Depreciation		2,181	1,979	4,296	3,770
Other expenses		7,248	6,515	14,259	12,367
Operating expenses		23,762	22,633	46,880	44,296
OPERATING PROFIT BEFORE PROVISIONS / IMPAIRMENT LOSSES		24,017	25,982	44,873	52,582
Charge (release) of provisions:					
- specific		10,065	40,803	22,261	37,467
- general		1,093	(30,018)	2,071	(28,262)
Loan recoveries, net of write-off		(2,560)	(878)	(4,697)	13,808
Net provision on other financial assets		(14)	(14)	(11)	(31)
OPERATING PROFIT BEFORE DIRECTORS' REMUNERATION AND TAXATION		15,433	16,089	25,249	29,600
Directors' remuneration		50	30	80	60
Contribution to Kuwait Foundation for the Advancement of Sciences		154	160	253	296
National Labour Support Tax		388	398	626	733
Zakat		155	160	251	296
PROFIT FOR THE PERIOD		14,686	15,341	24,039	28,215
BASIC AND DILUTED EARNINGS PER SHARE (Fils)	3	4	4	6	7

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Interim Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

PERIOD ENDED 30 JUNE 2025

	<i>3 months ended 30 June 2025 KD 000's</i>	<i>3 months ended 30 June 2024 KD 000's</i>	<i>6 months ended 30 June 2025 KD 000's</i>	<i>6 months ended 30 June 2024 KD 000's</i>
Profit for the period	14,686	15,341	24,039	28,215
Other comprehensive income				
<i>Items that will not be reclassified subsequently to interim condensed consolidated statement of income :</i>				
Net changes in fair value of investment securities-equity	1,815	1,118	4,944	2,434
Other comprehensive income for the period	1,815	1,118	4,944	2,434
Total comprehensive income for the period	16,501	16,459	28,983	30,649

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

GULF BANK GROUP

Interim Condensed Consolidated Statement of Financial Position

		(Unaudited) 30 June 2025 KD 000's	(Audited) 31 December 2024 KD 000's	(Unaudited) 30 June 2024 KD 000's
	Notes			
ASSETS				
Cash and cash equivalents		948,326	1,387,876	1,118,906
Kuwait Government treasury bonds		74,000	2,500	9,500
Central Bank of Kuwait bonds		113,400	140,031	302,100
Deposits with banks and other financial institutions		127,785	135,468	126,259
Loans and advances	4	5,676,557	5,466,938	5,553,016
Investment securities		210,654	204,625	157,209
Other assets	5	108,589	101,762	123,371
Premises and equipment		41,001	40,948	40,162
TOTAL ASSETS		7,300,312	7,480,148	7,430,523
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks		182,206	365,430	304,927
Deposits from financial institutions		878,919	944,513	946,412
Customer deposits		4,503,352	4,656,680	4,619,578
Other borrowed funds	6	757,362	519,824	614,355
Other liabilities		153,821	160,098	143,636
TOTAL LIABILITIES		6,475,660	6,646,545	6,628,908
EQUITY				
Share capital	7	399,263	380,250	380,250
Proposed bonus shares	7	-	19,013	-
Statutory reserve		66,862	66,862	60,538
Share premium		186,937	186,937	186,937
Property revaluation reserve		17,603	17,603	17,974
Fair valuation reserve		325	2,120	1,718
Retained earnings		156,039	163,195	156,575
		827,029	835,980	803,992
Treasury shares	8	(2,377)	(2,377)	(2,377)
TOTAL EQUITY		824,652	833,603	801,615
TOTAL LIABILITIES AND EQUITY		7,300,312	7,480,148	7,430,523


Ahmad Mohammad Ahmad AlBahar
(Chairman)


Waleed Mandani
(Acting Chief Executive Officer)

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)
PERIOD ENDED 30 JUNE 2025

	<i>Notes</i>	6 months ended 30 June 2025 KD 000's	6 months ended 30 June 2024 KD 000's
OPERATING ACTIVITIES			
Profit for the period before directors' remuneration and taxation		25,249	29,600
Adjustments:			
Dividend income		(353)	(391)
Depreciation		4,296	3,770
Loan loss provisions		24,332	9,205
Net provision on other financial assets		(11)	(31)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		53,513	42,153
<i>(Increase)/decrease in operating assets:</i>			
Kuwait Government treasury bonds		(71,500)	7,000
Central Bank of Kuwait bonds		26,631	35,615
Deposits with banks and other financial institutions		7,682	54,715
Loans and advances		(234,566)	(364,908)
Other assets		(1,299)	(7,982)
<i>(Decrease)/increase in operating liabilities:</i>			
Due to banks		(183,224)	48,573
Deposits from financial institutions		(65,594)	(202,171)
Customer deposits		(153,328)	400,319
Other liabilities		(6,872)	(22,014)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(628,557)	(8,700)
INVESTING ACTIVITIES			
Purchase of investment securities		(163,934)	(122,100)
Proceeds from sale/maturity of investment securities		157,333	161,548
Purchase of premises and equipment		(4,349)	(4,449)
Dividend income received		353	391
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		(10,597)	35,390
FINANCING ACTIVITIES			
Net proceeds from other borrowed funds	6	237,538	44,293
Dividend paid	7	(37,934)	(43,457)
Purchase of treasury shares	8	-	(2,377)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		199,604	(1,541)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(439,550)	25,149
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,387,876	1,093,757
CASH AND CASH EQUIVALENTS AT 30 JUNE		948,326	1,118,906
Additional cash flows information			
Interest received		186,040	198,556
Interest paid		120,456	132,032

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Interim Condensed Consolidated Statement of Changes in Equity
(Unaudited)
PERIOD ENDED 30 JUNE 2025

	RESERVES							Treasury shares <i>KD 000's</i>	Total <i>KD 000's</i>
	<i>Share capital KD 000's</i>	<i>Proposed bonus shares KD 000's</i>	<i>Statutory reserve KD 000's</i>	<i>Share premium KD 000's</i>	<i>Property revaluation reserve KD 000's</i>	<i>Fair valuation reserve KD 000's</i>	<i>Retained earnings KD 000's</i>	<i>Subtotal reserves KD 000's</i>	
At 1 January 2024	362,143	18,107	60,538	186,937	17,974	(716)	171,817	436,550	816,800
Profit for the period	-	-	-	-	-	-	28,215	28,215	28,215
Other comprehensive income for the period	-	-	-	-	-	2,434	-	2,434	2,434
Total comprehensive income for the period	-	-	-	-	-	2,434	28,215	30,649	30,649
Dividend paid (Note 7)	-	-	-	-	-	-	(43,457)	(43,457)	(43,457)
Issue of bonus shares (Note 7)	18,107	(18,107)	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	(2,377)	(2,377)
At 30 June 2024	380,250	-	60,538	186,937	17,974	1,718	156,575	423,742	801,615
At 1 January 2025	380,250	19,013	66,862	186,937	17,603	2,120	163,195	436,717	833,603
Profit for the period	-	-	-	-	-	-	24,039	24,039	24,039
Other comprehensive income for the period	-	-	-	-	-	4,944	-	4,944	4,944
Total comprehensive income for the period	-	-	-	-	-	4,944	24,039	28,983	28,983
Dividend paid (Note 7)	-	-	-	-	-	-	(37,934)	(37,934)	(37,934)
Issue of bonus shares (Note 7)	19,013	(19,013)	-	-	-	-	-	-	-
Realised gain on equity securities at FVOCI	-	-	-	-	-	(6,739)	6,739	-	-
At 30 June 2025	399,263	-	66,862	186,937	17,603	325	156,039	427,766	824,652

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2025

1. INCORPORATION AND REGISTRATION

Gulf Bank K.S.C.P. (the "Bank") is a public shareholding company incorporated in Kuwait on 29 October 1960 and is registered as a bank with the Central Bank of Kuwait. The Bank's shares are listed on Boursa Kuwait. Its registered office is at Mubarak Al Kabir Street, P.O. Box 3200, 13032 Safat, Kuwait City.

Gulf Capital Investment Company KSCC is a 100% owned subsidiary, with an authorized, issued and fully paid up capital of **KD 10,000 thousand**, engaged in securities activities in the State of Kuwait.

The Bank and its subsidiary are together referred to as (the "Group") in this interim condensed consolidated financial information.

The interim condensed consolidated financial information of the Group for the six months period ended 30 June 2025 was authorised by the Board of Directors for issue on 9 July 2025.

The principal activities of the Group are described in Note 9.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" except as noted below:

The annual consolidated financial statements for the year ended 31 December 2024 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards ("IFRS Accounting Standards") with an amendment for measuring the expected credit loss ("ECL") on credit facilities at the higher of ECL computed under IFRS 9 – 'Financial Instruments' in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

The above framework is hereinafter referred to as "IFRS Accounting Standards as adopted by CBK for use in the State of Kuwait".

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024. Further, operating results for the six months period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

This interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the Group's functional currency, rounded off to the nearest thousand (KD 000's), except when otherwise indicated.

2.2 New standards, interpretations and amendments and accounting policies adopted by the Group

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2025 did not have any material impact on the accounting policies, financial position or performance of the Group.

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)

30 June 2025

3. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are based on the weighted average number of shares outstanding during the period, which is as follows:

	<i>3 months ended 30 June 2025 KD 000's</i>	<i>3 months ended 30 June 2024 KD 000's</i>	<i>6 months ended 30 June 2025 KD 000's</i>	<i>6 months ended 30 June 2024 KD 000's</i>
Profit for the period	14,686	15,341	24,039	28,215
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding during the period	3,983,019,703	3,989,939,850	3,983,019,703	3,991,283,526
Basic and diluted earnings per share (Fils)	4	4	6	7

Earnings per share calculations for the period ended 30 June 2025 and 30 June 2024 have been adjusted to the account of bonus shares issued on 15 April 2025 (Note 7).

4. LOANS AND ADVANCES

	<i>(Unaudited) 30 June 2025 KD 000's</i>	<i>(Audited) 31 December 2024 KD 000's</i>	<i>(Unaudited) 30 June 2024 KD 000's</i>
Gross loans and advances	5,920,842	5,705,697	5,808,717
Less: Provision for impairment	(244,285)	(238,759)	(255,701)
Loans and advances	5,676,557	5,466,938	5,553,016

Provision for non-cash facilities of **KD 30,871 thousand** (31 December 2024: KD 31,486 thousand and 30 June 2024: KD 18,772 thousand) is included under other liabilities.

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)

30 June 2025

4. LOANS AND ADVANCES (continued)

Comparison between total provisions and IFRS 9 ECL on credit facilities:

	<i>(Unaudited)</i> 30 June 2025 KD 000's	<i>(Audited)</i> 31 December 2024 KD 000's	<i>(Unaudited)</i> 30 June 2024 KD 000's
Provision on cash facilities	244,285	238,759	255,701
Provision on non-cash facilities	30,871	31,486	18,772
Total provisions on credit facilities	<u>275,156</u>	<u>270,245</u>	<u>274,473</u>
IFRS 9 ECL on credit facilities	<u>179,516</u>	<u>176,737</u>	<u>160,501</u>
Excess of total provisions over IFRS 9 ECL on credit facilities	<u>95,640</u>	<u>93,508</u>	<u>113,972</u>
Excess provisions as a percentage of total provisions	<u>35%</u>	<u>35%</u>	<u>42%</u>

An analysis of the carrying amounts of Credit Facilities, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance to the CBK guidelines is as follows:

At 30 June 2025:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	<u>5,647,645</u>	<u>186,778</u>	<u>86,419</u>	<u>5,920,842</u>
Contingent liabilities and commitments (Note 11)	<u>2,929,574</u>	<u>108,777</u>	<u>33,835</u>	<u>3,072,186</u>
IFRS 9 ECL on credit facilities	<u>49,653</u>	<u>26,545</u>	<u>103,318</u>	<u>179,516</u>

At 31 December 2024:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	<u>5,465,468</u>	<u>159,169</u>	<u>81,060</u>	<u>5,705,697</u>
Contingent liabilities and commitments (Note 11)	<u>2,795,706</u>	<u>96,738</u>	<u>34,463</u>	<u>2,926,907</u>
IFRS 9 ECL on credit facilities	<u>46,051</u>	<u>32,559</u>	<u>98,127</u>	<u>176,737</u>

At 30 June 2024:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	<u>5,552,120</u>	<u>182,096</u>	<u>74,501</u>	<u>5,808,717</u>
Contingent liabilities and commitments (Note 11)	<u>2,976,841</u>	<u>121,080</u>	<u>19,986</u>	<u>3,117,907</u>
IFRS 9 ECL on credit facilities	<u>34,366</u>	<u>46,642</u>	<u>79,493</u>	<u>160,501</u>

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2025

4. LOANS AND ADVANCES (continued)

An analysis of the movement in the ECL in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance with the CBK guidelines:

At 30 June 2025:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL balance as at 1 January 2025	46,051	32,559	98,127	176,737
Impact due to transfer between stages	12,897	(2,237)	(10,660)	-
ECL (release) charge for the period	(9,295)	(3,777)	35,272	22,200
ECL release on written off facilities	-	-	(19,421)	(19,421)
ECL balance as at 30 June 2025	<u>49,653</u>	<u>26,545</u>	<u>103,318</u>	<u>179,516</u>

At 30 June 2024:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL balance as at 1 January 2024	36,635	75,216	74,831	186,682
Impact due to transfer between stages	7,371	(10,400)	3,029	-
ECL (release) charge for the period	(9,640)	(18,174)	48,253	20,439
ECL release on written off facilities	-	-	(46,620)	(46,620)
ECL balance as at 30 June 2024	<u>34,366</u>	<u>46,642</u>	<u>79,493</u>	<u>160,501</u>

5. OTHER ASSETS

	<i>(Unaudited)</i> <i>30 June</i> <i>2025</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2024</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 June</i> <i>2024</i> <i>KD 000's</i>
Accrued interest receivable	32,082	30,903	35,354
Sundry debtors and others	19,562	13,914	19,353
Reposessed collaterals	56,945	56,945	68,664
	<u>108,589</u>	<u>101,762</u>	<u>123,371</u>

The fair value of the real estate properties was determined by approved valuers based on the market comparable approach (Level 3); and not materially different from their carrying values.

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)
30 June 2025

6. OTHER BORROWED FUNDS

		<i>(Unaudited)</i> 30 June 2025 <i>KD 000's</i>	<i>(Audited)</i> 31 December 2024 <i>KD 000's</i>	<i>(Unaudited)</i> 30 June 2024 <i>KD 000's</i>
	<i>Effective interest rate</i>			
Subordinated Tier 2 bonds- KWD 2031 (Fixed tranche)	4.00%	25,000	25,000	25,000
Subordinated Tier 2 bonds- KWD 2031 (Floating tranche capped at 5%)	CBK+2.25%	25,000	25,000	25,000
Medium term borrowings-Floating	4.85% to 5.86%	707,362	469,824	564,355
		757,362	519,824	614,355

7. EQUITY

Share Capital

	<i>(Unaudited)</i> 30 June 2025 <i>KD 000's</i>	<i>(Audited)</i> 31 December 2024 <i>KD 000's</i>	<i>(Unaudited)</i> 30 June 2024 <i>KD 000's</i>
Issued and fully paid 3,992,627,203 (31 December 2024: 3,802,502,099 and 30 June 2024: 3,802,502,099) shares of 100 fils each	399,263	380,250	380,250

The authorised share capital of the Bank comprises **4,860,561,006 shares** (31 December 2024: 4,860,561,006 shares and 30 June 2024: 4,860,561,006 shares) of 100 fils each.

Dividend

The shareholders at the Annual General Meeting (AGM) held on 22 March 2025 approved a cash dividend of **10 fils** per share (2023: 12 fils per share) and bonus shares of 5% amounting to **KD 19,013 thousand** (2023: KD 18,107 thousand) for the year ended 31 December 2024. The cash dividend amounting to **KD 37,934 thousand** was recorded and paid subsequently. The bonus shares were distributed on 15 April 2025.

8. TREASURY SHARES

	<i>(Unaudited)</i> 30 June 2025	<i>(Audited)</i> 31 December 2024	<i>(Unaudited)</i> 30 June 2024
Number of treasury shares	9,607,500	9,150,000	9,150,000
Percentage of treasury shares	0.24%	0.24%	0.24%
Cost of treasury shares (KD 000's)	2,377	2,377	2,377
Weighted average market value of treasury shares (KD 000's)	3,209	2,681	2,544

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)

30 June 2025

9. SEGMENTAL ANALYSIS

By Business Unit

Commercial Banking Acceptance of deposits from individuals, corporate and institutional customers and providing consumer loans, overdrafts, credit card facilities and funds transfer facilities to individuals; and other credit facilities to corporate and institutional customers and banks.

Treasury & Investments Providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of Kuwait Government treasury bonds, government securities, placements and acceptances with other banks. The proprietary investments of the Bank are managed by the Investments unit.

Segmental information for the six months period ended 30 June is as follows:

	Commercial Banking		Treasury & Investments		Total	
	2025	2024	2025	2024	2025	2024
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Operating income (excluding unallocated income provided below)	62,963	65,075	5,931	7,109	68,894	72,184
Segment result	24,824	24,869	3,996	5,771	28,820	30,640
Unallocated income					22,859	24,694
Unallocated expense					(27,640)	(27,119)
Profit for the period					24,039	28,215
Segment assets	5,789,298	5,680,552	1,430,086	1,655,100	7,219,384	7,335,652
Unallocated assets					80,928	94,871
Total Assets					7,300,312	7,430,523
Segment liabilities	3,233,844	3,069,462	3,002,266	3,367,563	6,236,110	6,437,025
Unallocated liabilities and equity					1,064,202	993,498
Total Liabilities and Equity					7,300,312	7,430,523

GULF BANK GROUP
Notes to the Interim Condensed consolidated Financial Information
(Unaudited)

30 June 2025

10. RELATED PARTY TRANSACTIONS

Certain related parties (major shareholders, board members and executive management of the Bank, their families and companies of which they are principal owners) were customers of the Bank in the ordinary course of business. The terms of these transactions were approved as per the Bank's policies.

The transaction and balances included in the interim condensed consolidated statement of income and interim condensed consolidated financial information are as follows:

	<i>Number of board members or executive management (Audited)</i>			<i>Number of other related parties (Audited)</i>			<i>(Audited)</i>		
	<i>30 June 2025</i>	<i>31 December 2024</i>	<i>30 June 2024</i>	<i>30 June 2025</i>	<i>31 December 2024</i>	<i>30 June 2024</i>	<i>30 June 2025</i>	<i>31 December 2024</i>	<i>30 June 2024</i>
							<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Board members, major shareholders and other related parties:									
Balances									
Deposits with banks within 30 days	-	-	-	1	-	-	64,999	-	-
Loans and advances	-	1	1	16	30	21	173,673	187,648	195,916
Credit cards	-	1	1	2	5	6	1	32	14
Deposits	4	7	7	37	91	94	715,475	825,947	1,147,912
Contingent liabilities									
Guarantees/letters of credit	-	-	-	15	23	22	28,974	70,724	73,390
Transactions									
Interest income	1	1	1	39	55	30	5,997	11,101	5,486
Interest expense	2	5	5	24	23	22	17,160	50,944	24,107
Net fees and commissions	5	-	-	91	89	64	198	473	212
Other expenses	-	-	-	16	17	16	1,371	3,896	1,764
Purchase of equipment	-	-	-	2	4	3	34	434	36
Executive management:									
Balances									
Loans and advances	8	9	8	-	-	-	685	782	722
Credit cards	11	11	10	-	-	-	30	42	25
Deposits	16	17	16	-	-	-	3,949	1,967	3,856
Transactions									
Interest income	9	10	8	-	-	-	18	44	24
Interest expense	17	18	16	-	-	-	65	131	75

GULF BANK GROUP

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

30 June 2025

10. RELATED PARTY TRANSACTIONS (continued)

The loans issued to Board members and executive management are repayable within CBK regulatory limits and have interest rates of **5.05% to 6.25%** ((31 December 2024: 4.75% to 6.75% and 30 June 2024: 4.75% to 6.75%) per annum. Some of the loans advanced to Board members and their related parties are collateralised. The fair value of these collaterals as of 30 June 2025 was **KD 46,301 thousand** (31 December 2024: KD 48,031 thousand and 30 June 2024: KD 70,761 thousand).

Compensation for key management, including executive management, comprises the following:

	<i>6 months ended 30 June 2025 KD 000's</i>	<i>6 months ended 30 June 2024 KD 000's</i>
Salaries and other benefits	1,869	2,547
End of service/termination benefits	505	144
Directors' remuneration and meeting attendance fee	159	60
	<u>2,533</u>	<u>2,751</u>

Directors' remuneration of **KD 80 thousand** (31 December 2024: KD 240 thousand and 30 June 2024: KD 60 thousand) and Directors' meeting attendance fee included in other expenses of **KD 79 thousand** (31 December 2024: KD Nil and 30 June 2024: KD Nil) are in accordance with local regulations and are subject to approval of the shareholders at the Annual General Meeting.

11. CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Unaudited) 30 June 2025 KD 000's</i>	<i>(Audited) 31 December 2024 KD 000's</i>	<i>(Unaudited) 30 June 2024 KD 000's</i>
Guarantees	1,336,252	1,363,359	1,248,519
Letters of credit and acceptances	432,006	394,924	384,149
Undrawn irrevocable commitments	55,522	54,485	82,508
Undrawn revocable commitments	1,248,406	1,114,139	1,402,731
	<u>3,072,186</u>	<u>2,926,907</u>	<u>3,117,907</u>

The contractual terms entitle the Group to withdraw undrawn revocable facilities at any time.

12. DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

The table below shows the positive and negative fair value of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the period end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

GULF BANK GROUP

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

30 June 2025

12. DERIVATIVES (continued)

			<i>Notional amounts by term to maturity</i>	
			<i>Within 3 months</i>	<i>3-12 months</i>
At 30 June 2025:				
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>KD 000's</i>
Derivatives instruments held as:				
Trading (and non qualifying hedges)				
Forward foreign exchange contracts	<u>981</u>	<u>(21)</u>	<u>113,606</u>	<u>113,606</u>
				<u>-</u>
At 31 December 2024:			<i>Notional amounts by term to maturity</i>	
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Within 3 months KD 000's</i>
Derivatives instruments held as:				
Trading (and non qualifying hedges)				
Forward foreign exchange contracts	<u>308</u>	<u>(7)</u>	<u>99,353</u>	<u>99,353</u>
				<u>-</u>
At 30 June 2024:			<i>Notional amounts by term to maturity</i>	
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Within 3 months KD 000's</i>
Derivatives instruments held as:				
Trading (and non qualifying hedges)				
Forward foreign exchange contracts	<u>39</u>	<u>(209)</u>	<u>192,291</u>	<u>190,096</u>
				<u>2,195</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amounts approximate to their fair value and this applies to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

At 30 June 2025:

	<i>Level 1 KD '000</i>	<i>Level 2 KD '000</i>	<i>Level 3 KD '000</i>	<i>Total KD '000</i>
Financial assets at FVOCI:				
Equity securities	<u>-</u>	<u>141</u>	<u>21,278</u>	<u>21,419</u>
Financial assets at FVTPL:				
Managed funds	<u>-</u>	<u>6,207</u>	<u>-</u>	<u>6,207</u>

The amortized cost and fair value of investment securities at amortised cost as at 30 June 2025 were **KD 183,028 thousand** (31 December 2024: KD 169,302 thousand; 30 June 2024: KD 122,321 thousand) and **KD 183,159 thousand** (Level 1) (31 December 2024: KD 169,201 thousand; 30 June 2024: KD 122,225 thousand) respectively.

GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)

30 June 2025

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2024:

	<i>Level 1</i> <i>KD '000</i>	<i>Level 2</i> <i>KD '000</i>	<i>Level 3</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	<u>13,932</u>	<u>116</u>	<u>21,275</u>	<u>35,323</u>

At 30 June 2024:

	<i>Level 1</i> <i>KD '000</i>	<i>Level 2</i> <i>KD '000</i>	<i>Level 3</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	<u>13,476</u>	<u>122</u>	<u>21,290</u>	<u>34,888</u>

The following table analyses the movement in level 3 of financial assets:

	At 1 January KD 000's	Change in fair value KD 000's	Additions/ disposals KD 000's	Exchange rate movements KD 000's	At 30 June KD 000's
<i>Financial assets at FVOCI:</i>					
Equity securities					
2025	21,275	-	-	3	21,278
2024	21,294	-	-	(4)	21,290

The fair value of the above investment securities classified under Level 1, Level 2 and Level 3 is categorised as per the policy on fair value measurement in note to the annual consolidated financial statements. During the period, there were no transfers between any of the fair value hierarchy levels.

The positive and negative fair values of forward foreign exchange contracts are valued using significant inputs of observable market data (Level 2). Refer Note 12.

Other financial assets and liabilities are carried at amortized cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are repriced immediately based on market movement in interest rates.