

Kuwait, 10 February 2021

Boursa Kuwait
State of Kuwait

Subject: Gulf Bank's Closing Financial Statements for 2020

Dear Sirs,

This is pursuant to Module Ten, Chapter Four of Resolution No. 72/2015, concerning the amended Executive Bylaw to Law No. 7/2010 on the "Establishment of Capital Markets Authority and the Regulation of Securities Activity", pertaining to the "Disclosure of Material Information and the Mechanism of Notification". In this regard, we would like to advise you that CBK has approved Gulf Bank's closing financial statements for 2020 as per CBK's letter dated 10/2/2021.

Pursuant to the requirements of the Bourse under Resolution No. (1) of 2018 applicable to listed companies classified under Premier Markets, we are pleased to announce that the Quarterly Analysts/Investors Conference will be held through Live Webcast on Monday 15/2/2021, at 1:00pm (local timing). Investors, analysts, and interested parties may visit our bank's website www.e-gulfbank.com under the Investor Relations Section/Investor Presentations to obtain the Invitation link and instructions on how to join the webcast.

Best regards



Jihad Khodr
Assistant General Manager
Head of Compliance & Disclosure Unit



Enclosures:

- Copy of CBK approval on the Financial Statements
- Copy of Gulf Bank's Closing Financial Statements for 2020
- Announcement Form of the Closing Financial Statements as at 31/12/2020

Date: 10 February 2021
Ref: 2/105/688/2021

**Mr. Jassim Mustafa Jassim Boodai
Chairman
Gulf Bank**

Dear Sir,

This has reference to your letter, dated 26/1/2021, which contained a copy of your bank's closing financial statements for the Year 2020, and further to the clarifications we received in this regard, latest on 8/2/2021.

We would like to advise you that having reviewed the said financial statements, we do not have any comments thereon, and would also like to convey CBK's approval to your bank's distribution of cash dividends at 5% per value (5 fils per share).

Based on the above, you may commence necessary action with competent authorities to hold the bank's general assembly.

Best regards

Yousef Jassim Al-Obaid

c.c.

- CMA

- Boursa Kuwait

Financial Results Form
Kuwaiti Company (KWD)

 نموذج نتائج البيانات المالية
 الشركات الكويتية (د.ك.)

Financial Year Ended on	2020-12-31	نتائج السنة المالية المنتهية في
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Company Name	اسم الشركة
Gulf Bank K.S.C.P.	بنك الخليج ش.م.ك.ع
Board of Directors Meeting Date	تاريخ اجتماع مجلس الإدارة
2021-01-24	
Required Documents	المستندات الواجب إرفاقها بالنموذج
<input checked="" type="checkbox"/> Approved financial statements	<input checked="" type="checkbox"/> نسخة من البيانات المالية المعتمدة
<input checked="" type="checkbox"/> Approved auditor's report	<input checked="" type="checkbox"/> نسخة من تقرير مراقب الحسابات المعتمد

التغيير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2019-12-31	2020-12-31	
-54.7%	63,643,000	28,799,000	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
-55.2%	21.96	9.84	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
-3.0%	3,205,861,000	3,110,978,000	الموجودات المتداولة Current Assets
-2.1%	6,245,417,000	6,112,708,000	إجمالي الموجودات Total Assets
-1.7%	5,436,168,000	5,341,709,000	المطلوبات المتداولة Current Liabilities
-1.9%	5,581,094,000	5,475,344,000	إجمالي المطلوبات Total Liabilities
-4.1%	664,323,000	637,364,000	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
-23.8%	207,647,000	158,268,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
-27.2%	129,650,000	94,342,000	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
--	لا يوجد خسائر متراكمة No accumulated losses	لا يوجد خسائر متراكمة No accumulated losses	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

التغيير (%)	الربع الرابع المقارن	الربع الرابع الحالي	البيان
Change (%)	Fourth quarter Comparison Year	Fourth quarter Current	Statement
	2019-12-31	2020-12-31	
-60.6%	26,514,000	10,445,000	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
-61.7%	9.15	3.50	ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share
-36.3%	65,796,000	41,904,000	إجمالي الإيرادات التشغيلية Total Operating Revenue
-44.7%	46,235,000	25,551,000	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)



• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

Increase/Decrease in Net Profit (Loss) is due to	سبب ارتفاع/انخفاض صافي الربح (الخسارة)
<p>The Bank's net profit of KD 29 million for the year ended 31 December 2020 is a decrease of KD 35 million compared with the last year.</p> <p>The decline in net profit compared with the prior year was driven by lower interest income (KD 47 million) from a sharply lower interest rate environment, lower fee income (KD 8 million) from a slack in economic activity as a result of COVID-19 pandemic, and non-recurring interest income in the year 2019 (KD 20 million) offset by lower interest expense (KD 27 million) and a reduction in operating expenses (KD 14 million).</p>	<p>بلغ صافي ربح البنك 29 مليون د.ك. للسنة المنتهية في 31 ديسمبر 2020، بانخفاض قدره 35 مليون د.ك. مقارنةً بالسنة الماضية.</p> <p>ويعزى الانخفاض في صافي الربح مقارنةً بالسنة السابقة إلى انخفاض إيرادات الفوائد (47 مليون د.ك.) جراء الانخفاض الحاد في أسعار الفائدة، وتدنّي إيرادات الرسوم (8 مليون د.ك.) نتيجةً لهبوط النشاط الاقتصادي الناجم عن جائحة كورونا، وإيرادات الفوائد غير المتكررة في سنة 2019 (20 مليون د.ك.)، والذي قوبل بانخفاض مصروفات الفوائد (27 مليون د.ك.) وانخفاض المصروفات التشغيلية (14 مليون د.ك.).</p>
Total Revenue realized from dealing with related parties (value, KWD)	بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
KD 5,837,000	5,837,000 دك
Total Expenditures incurred from dealing with related parties (value, KWD)	بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)
KD 2,318,000	2,318,000 دك

Corporate Actions		استحقاقات الأسهم (الإجراءات المؤسسية)	
النسبة	القيمة		
5%	KD 14,990,639.490		توزيعات نقدية Cash Dividends
NIL	NIL		توزيعات أسهم منحة Bonus Share
NIL	NIL		توزيعات أخرى Other Dividend
NIL	NIL		عدم توزيع أرباح No Dividends
NIL	NIL	علاوة الإصدار Issue Premium	زيادة رأس المال Capital Increase
NIL	NIL		تخفيض رأس المال Capital Decrease

The Company's comments in case the auditor has concerns or a qualified opinion	تعقيب الشركة في حال قيام مراقب الحسابات بإبداء ملاحظات أو تحفظات
No comments were raised by the auditors.	لا توجد أية ملاحظات من قبل مراقب الحسابات

ختم الشركة Company Seal	التوقيع Signature	المسمى الوظيفي Title	الاسم Name
		Chief Executive Officer الرئيس التنفيذي	Antoine Daher أنطوان ضاهر

Attach a copy of the financial statements approved by the Board of Directors and the approved auditor's report

يجب ارفاق نسخة البيانات المالية المعتمدة من مجلس الإدارة وتقرير مراقب الحسابات المعتمد



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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GULF BANK K.S.C.P

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Gulf Bank K.S.C.P. (the "Bank"), which comprise the statement of financial position as at 31 December 2020, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted for use by the State of Kuwait.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

Credit losses on loans and advances

The recognition of credit losses on loans and advances ("credit facilities") to customers and banks is the higher of Expected Credit Loss ("ECL") determined under International Financial Reporting Standard 9: Financial Instruments ("IFRS 9"), determined in accordance with Central Bank of Kuwait (the "CBK") guidelines, and the provision required by the CBK rules based on classification of credit facilities and calculation of their provision (the "CBK rules") as disclosed in the accounting policies in Note 2 and Note 12 to the financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF GULF BANK K.S.C.P (continued)**

Report on the Audit of Financial Statements (continued)

Credit losses on loans and advances (continued)

Recognition of ECL under IFRS 9, determined in accordance with CBK guidelines, is a complex accounting policy, which requires considerable judgement in its implementation. ECL is dependent on management's judgement in assessing significant increase in credit risk and classification of credit facilities into various stages; determining when a default has occurred, development of models for assessing the probability of default of customers and estimating cash flows from recovery procedures or realization of collateral. Furthermore, as disclosed in Note 24, the COVID-19 pandemic significantly impacted management's determination of the ECL and required the application of heightened judgment. As a result, the ECL has a higher than usual degree of uncertainty and the inputs used are inherently subject to change, which may materially change the estimate in future periods.

Recognition of specific provision on impaired facility under the CBK rules is based on the instructions by CBK on the minimum provision to be recognized together with any additional provision to be recognised based on management estimate of expected cash flows related to that credit facility.

Due to the significance of credit facilities and the related estimation uncertainty and judgement in the impairment calculation, as well as the high degree of estimation uncertainty due to the economic impacts of COVID-19, this was considered as a key audit matter.

Our audit procedures included assessing the design and implementation of controls over the inputs and assumptions used by the Bank in developing the models, its governance and review controls performed by the management in determining the adequacy of credit losses. Further, our audit procedures were updated to incorporate consideration of the economic disruption caused by COVID-19, including a focus on rescheduled credit facilities.

With respect to the ECL based on IFRS 9, determined in accordance with the CBK guidelines, we have selected samples of credit facilities outstanding as at the reporting date, which included rescheduled credit facilities, and assessed the Bank's determination of significant increase in credit risk and the resultant basis for classification of the credit facilities into various stages. We involved our specialists to review the ECL model in terms of key data, methods and assumptions used to ensure they were in accordance with the requirements of IFRS 9 and CBK guidelines. For a sample of credit facilities, we have assessed the Bank's staging criteria, Exposure at Default ("EAD") Probability of Default ("PD") and Loss Given Default ("LGD") including the eligibility and value of collateral considered in the ECL models used by the Bank and the overlays considered by the management in view of the ongoing COVID-19 pandemic, in order to determine ECL taking into consideration CBK guidelines. We have also assessed the consistency of various inputs and assumptions used by the Bank's management to determine ECL.

Further, for the CBK rules provision requirements, we have assessed the criteria for determining whether there is a requirement to calculate any credit loss in accordance with the related regulations and, if required, it has been computed accordingly. For the samples selected, which included rescheduled credit facilities, we have verified whether all impairment events have been identified by the Bank's management. For the selected samples which also included impaired credit facilities, we have assessed the valuation of collateral and reperformed the resultant provision calculations.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF GULF BANK K.S.C.P (continued)**

Report on the Audit of Financial Statements (continued)

Other information included in the Bank's 2020 Annual Report

Management is responsible for the other information. The other information comprises of the information included in the Bank's 2020 Annual Report, other than the financial statements and our auditors' report thereon. We obtained the report of the Bank's Board of Directors, prior to the date of our auditors' report, and we expect to obtain the remaining sections of the Annual Report after the date of our auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs as adopted for use by the State of Kuwait, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF GULF BANK K.S.C.P (continued)**

Report on the Audit of Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF GULF BANK K.S.C.P (continued)**

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Bank and the financial statements, together with the contents of the report of the Bank's Board of Directors relating to these financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Capital Adequacy Regulations and Financial Leverage Ratio Regulations issued by the Central Bank of Kuwait ("CBK") as stipulated in CBK Circular Nos. 2/RB, RBA/336/2014 dated 24 June 2014 and its amendments, and 2/BS/342/2014 dated 21 October 2014 and its amendments respectively, the Companies Law No 1 of 2016, as amended, and its executive regulations, as amended, and by the Bank's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Capital Adequacy Regulations and Financial Leverage Ratio Regulations issued by the CBK as stipulated in CBK Circular Nos. 2/RB, RBA/336/2014 dated 24 June 2014 and its amendments, 2/BS/342/2014 dated 21 October 2014 and its amendments respectively, 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, have occurred during the year ended 31 December 2020 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 audit, we have not become aware of any violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the CBK and the organisation of banking business during the year ended 31 December 2020 that might have had a material effect on the business of the Bank or on its financial position.



ABDULKARIM AL SAMDAN
LICENCE NO. 208 A
EY
AL-AIBAN, AL-OSAIMI & PARTNER



TALAL YOUSEF AL-MUZAINI
LICENCE NO. 209 A
DELOITTE & TOUCHE
AL-WAZZAN & CO.

10 February 2021
Kuwait

GULF BANK K.S.C.P.**Income Statement**

Year Ended 31 December 2020

	NOTES	2020 KD 000's	2019 KD 000's
Interest income	4	209,348	275,644
Interest expense	5	(84,581)	(111,240)
Net interest income		124,767	164,404
Net fees and commissions	6	24,136	29,544
Net gains from dealing in foreign currencies		7,443	9,967
Dividend income		572	1,131
Other income		1,350	2,601
Operating income		158,268	207,647
Staff expenses		36,873	47,413
Occupancy costs		2,765	2,839
Depreciation		7,618	7,069
Other expenses		16,670	20,676
Operating expenses		63,926	77,997
OPERATING PROFIT BEFORE PROVISIONS/ IMPAIRMENT LOSSES		94,342	129,650
Charge of provisions:			
- specific	7	64,476	70,472
- general	12,18	4,218	2,070
Loan recoveries, net of write-off	12	(5,512)	(10,915)
Net provision on other financial assets		(122)	(2)
Impairment loss on other assets	14	992	1,259
		64,052	62,884
OPERATING PROFIT		30,290	66,766
Directors' remuneration	22	135	135
Contribution to Kuwait Foundation for the Advancement of Sciences		302	668
National Labour Support Tax		752	1,652
Zakat		302	668
PROFIT FOR THE YEAR		28,799	63,643
EARNINGS PER SHARE			
Basic and diluted per share (Fils)	8	10	22

The attached notes 1 to 29 form part of these financial statements.

GULF BANK K.S.C.P.
Statement of Comprehensive Income
Year Ended 31 December 2020

	2020 KD 000's	2019 KD 000's
Profit for the year	28,799	63,643
Other comprehensive income		
<i>Items that will not to be reclassified subsequently to the income statement:</i>		
Net changes in fair value of investment securities-equity	(3,486)	549
Revaluation of premises and equipment	(256)	442
<i>Items that are reclassified or may be reclassified subsequently to the income statement:</i>		
Net changes in fair value of debt instruments at FVOCI	-	(23)
Other comprehensive (loss) income for the year	(3,742)	968
Total comprehensive income for the year	25,057	64,611

The attached notes 1 to 29 form part of these financial statements.

GULF BANK K.S.C.P.
Statement of Financial Position
As at 31 December 2020

	NOTES	2020 KD 000's	2019 KD 000's
ASSETS			
Cash and cash equivalents	9	1,105,925	847,881
Kuwait Government treasury bonds	10	108,500	232,000
Central Bank of Kuwait bonds	11	280,724	278,675
Deposits with banks and other financial institutions	9	3,033	128,368
Loans and advances to banks	12	192,063	212,978
Loans and advances to customers	12	4,116,537	4,224,608
Investment securities	13	174,855	170,694
Other assets	14	97,018	113,549
Premises and equipment		34,053	36,664
TOTAL ASSETS		6,112,708	6,245,417
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	15	550,543	398,713
Deposits from financial institutions	15	705,337	1,018,487
Customer deposits	16	4,033,719	3,949,901
Subordinated Tier 2 bonds	17	100,000	100,000
Other liabilities	18	85,745	113,993
TOTAL LIABILITIES		5,475,344	5,581,094
EQUITY			
Share capital	19	304,813	304,813
Statutory reserve	20	42,135	39,106
Share premium	20	153,024	153,024
Property revaluation reserve	20	18,169	18,425
Treasury shares reserve	21	-	24,111
Fair valuation reserve		3,686	7,522
Retained earnings		140,073	190,927
Treasury shares	21	(24,536)	(73,605)
TOTAL EQUITY		637,364	664,323
TOTAL LIABILITIES AND EQUITY		6,112,708	6,245,417


Jassim Mustafa Boodai
(Chairman)


Antoine Daher
(Chief Executive Officer)

The attached notes 1 to 29 form part of these financial statements.