



**Gulf Bank**

**Investors Presentation**

**Q2 – 2018 Earnings Call**



**Gulf Bank**

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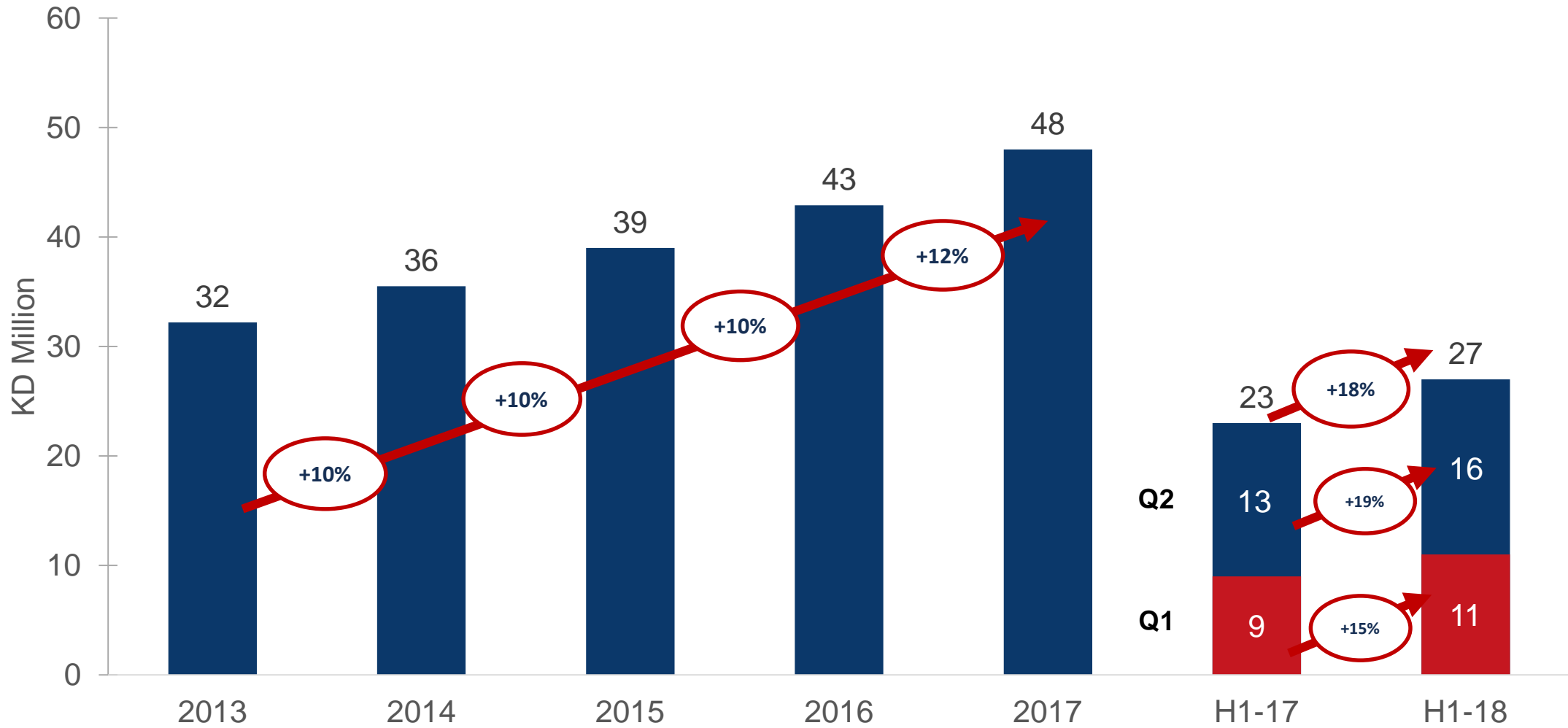
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# Double Digit Net Profit Growth



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# Progression of Credit Ratings

**MOODY'S**

	2013	2014	2015	2016	2017	2018
Long Term	Baa2	Baa1	A3	A3	A3	A3
Outlook	Positive	Positive	Stable	Stable	Stable	Positive

**S&P Global Ratings**

Long Term	BBB+	BBB+	A-	A-	A-	A-
Outlook	Positive	Positive	Stable	Stable	Positive	Stable

**Fitch Ratings**

Long Term	A+	A+	A+	A+	A+	A+
Outlook	Stable	Stable	Stable	Stable	Stable	Stable

**ci CAPITAL intelligence**

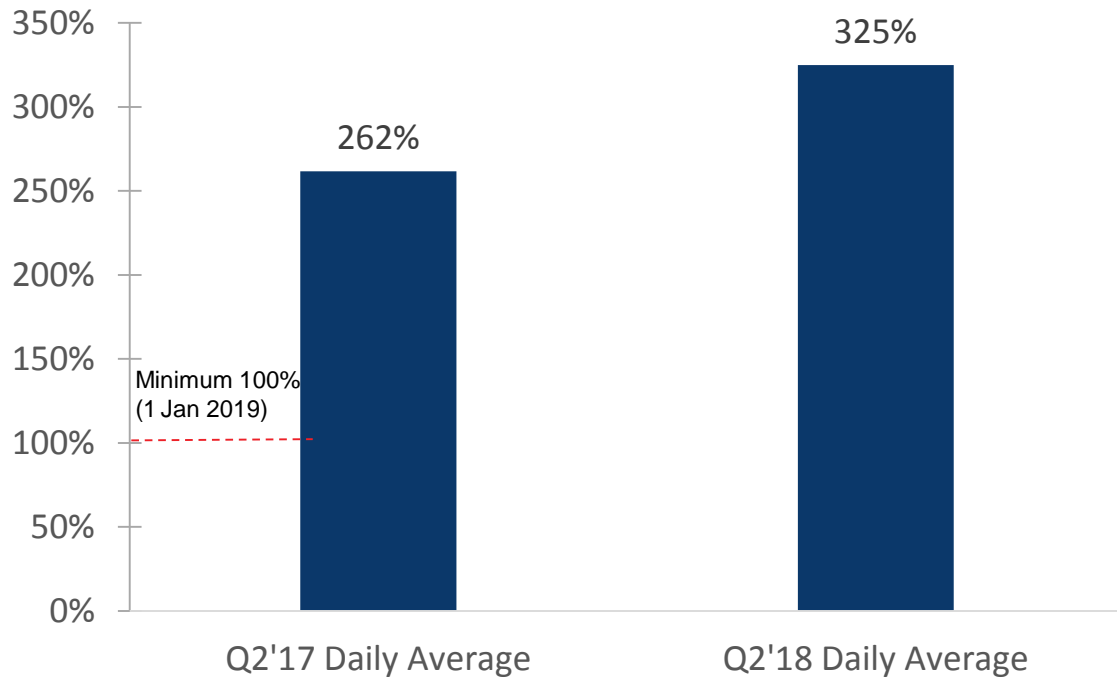
Long Term	BB+	BBB-	BBB	BBB+	BBB+	A-
Outlook	Positive	Stable	Positive	Stable	Positive	Stable

# Balance Sheet

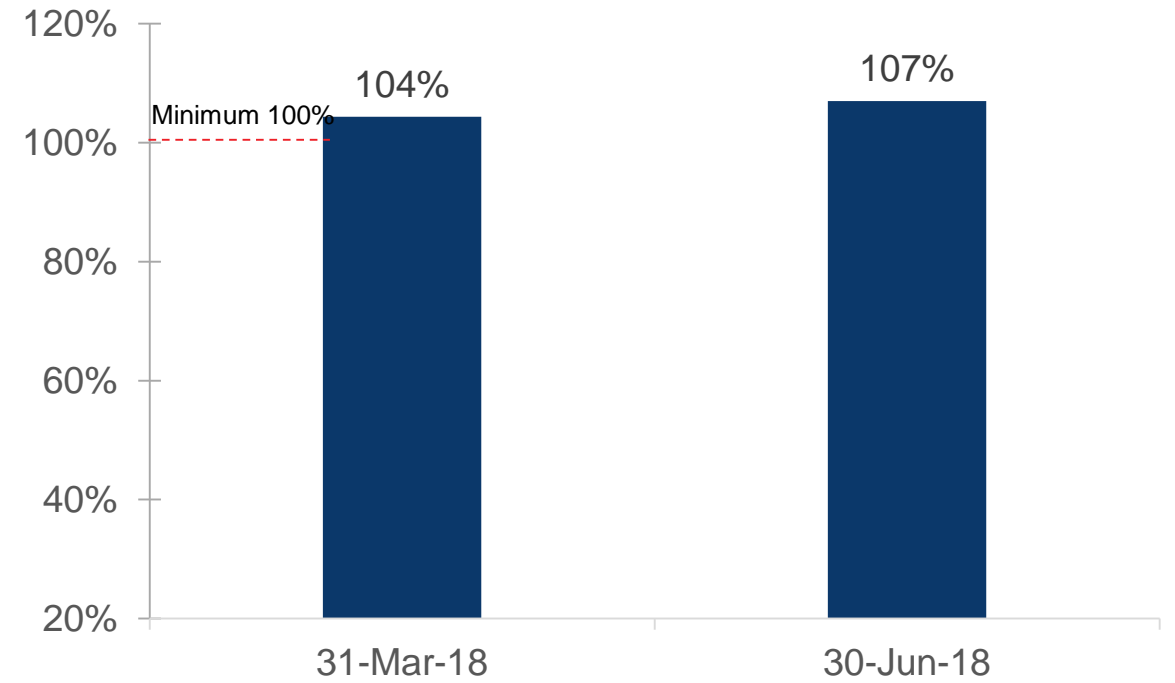
	KD Millions	30-Jun-17	% of Avg Assets	30-Jun-18	% of Avg Assets	30-June-18 vs 30-Jun-17	
						KD Million	%
<b>Assets</b>							
1	Cash & cash equivalents	680	12%	593	10%	(87)	-13%
2	Kuwait Government Bonds	455	8%	481	8%	25	6%
3	CBK Bills	400	7%	359	6%	(41)	-10%
4	Deposits with Banks & OFIs	129	2%	111	2%	(18)	-14%
5	<b>Liquid Assets</b>	<b>1,664</b>	<b>30%</b>	<b>1,543</b>	<b>26%</b>	<b>(121)</b>	<b>-7%</b>
6	Loans & advances to banks	142	3%	142	2%	1	0%
7	Loans & advances to customers	3,518	62%	3,879	66%	361	10%
8	<b>Net Loans</b>	<b>3,659</b>	<b>65%</b>	<b>4,021</b>	<b>69%</b>	<b>362</b>	<b>10%</b>
9	<b>Investment securities</b>	<b>119</b>	<b>2%</b>	<b>120</b>	<b>2%</b>	<b>1</b>	<b>1%</b>
10	Other assets	166	3%	126	2%	(40)	-24%
11	Premises & equipment	30	1%	31	1%	1	3%
12	<b>Other assets</b>	<b>196</b>	<b>3%</b>	<b>157</b>	<b>3%</b>	<b>(39)</b>	<b>-20%</b>
13	<b>Total Assets</b>	<b>5,638</b>	<b>100%</b>	<b>5,841</b>	<b>100%</b>	<b>203</b>	<b>4%</b>
<b>Liabilities</b>							
14	Due to banks	526	9%	336	6%	(190)	-36%
15	Deposits from FIs	929	16%	988	17%	59	6%
16	Customer deposits	3,417	61%	3,712	64%	295	9%
17	Subordinated Tier II Bonds	100	2%	100	2%	-	0%
18	Other liabilities	88	2%	105	2%	17	19%
19	<b>Total Liabilities</b>	<b>5,061</b>	<b>90%</b>	<b>5,241</b>	<b>90%</b>	<b>181</b>	<b>4%</b>
20	<b>Total Equity</b>	<b>577</b>	<b>10%</b>	<b>600</b>	<b>10%</b>	<b>22</b>	<b>4%</b>
21	<b>Total Liabilities &amp; Equity</b>	<b>5,638</b>	<b>100%</b>	<b>5,841</b>	<b>100%</b>	<b>203</b>	<b>4%</b>
22	Average assets	5,564		5,744		180	3%
23	Average equity	572		595		24	4%

# Liquidity Ratios

## Liquidity Coverage Ratio



## NSFR

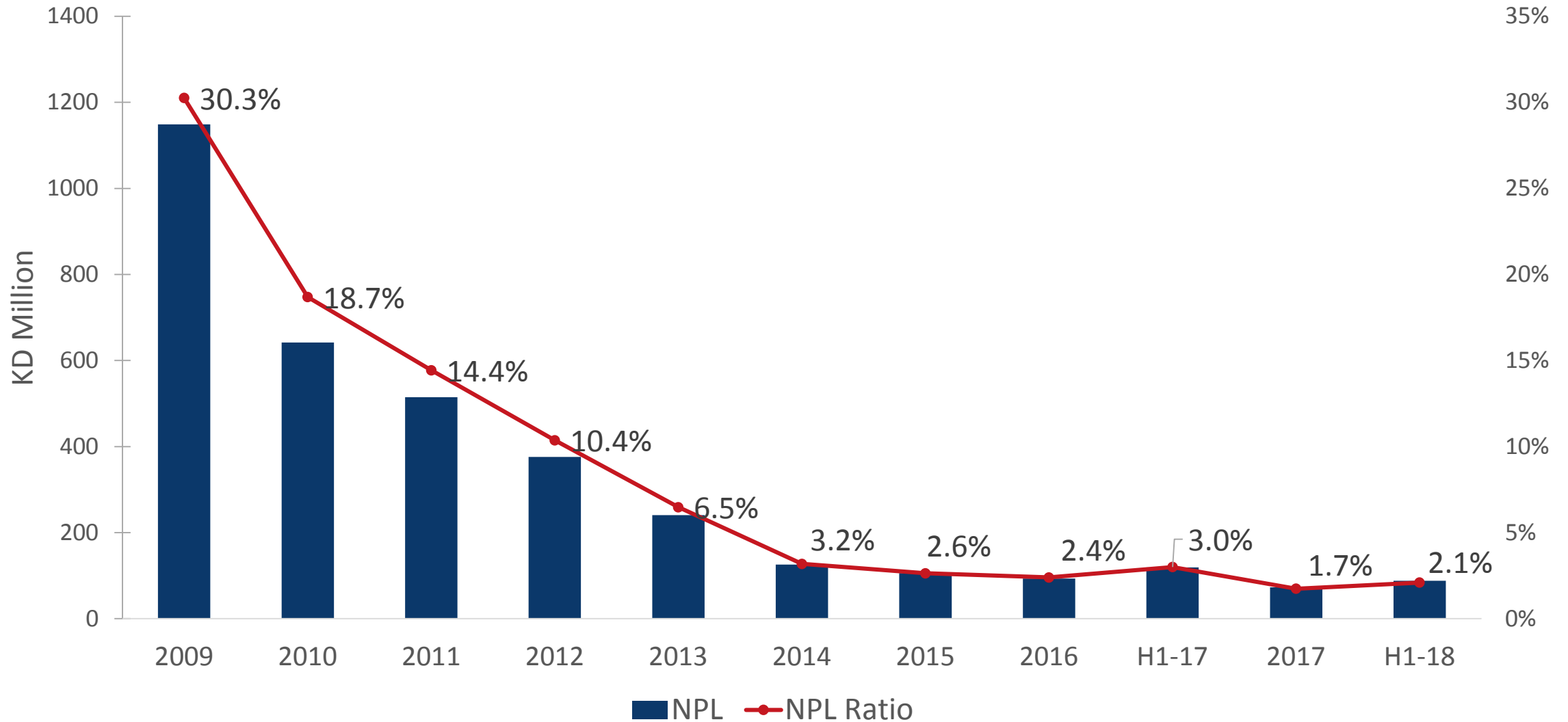


# Income Statement

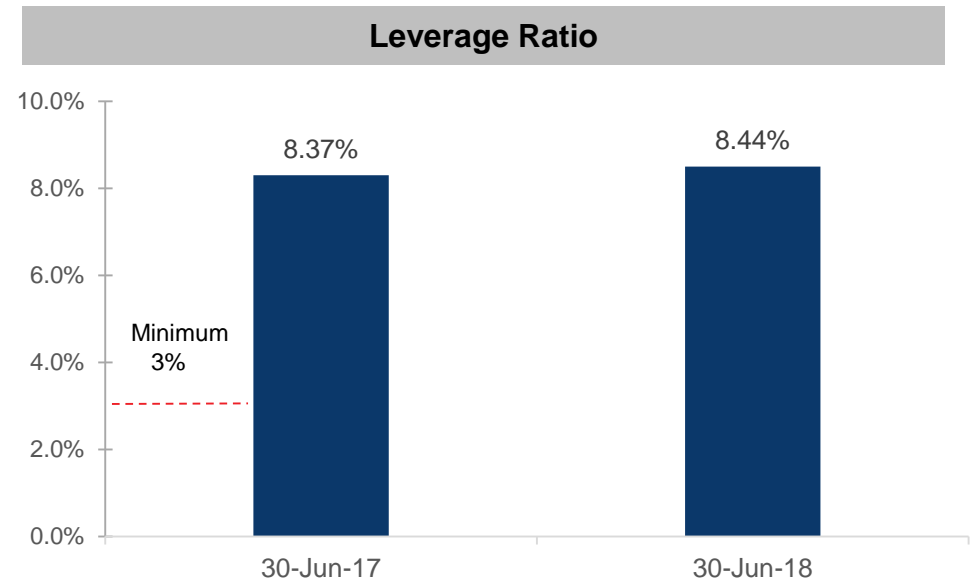
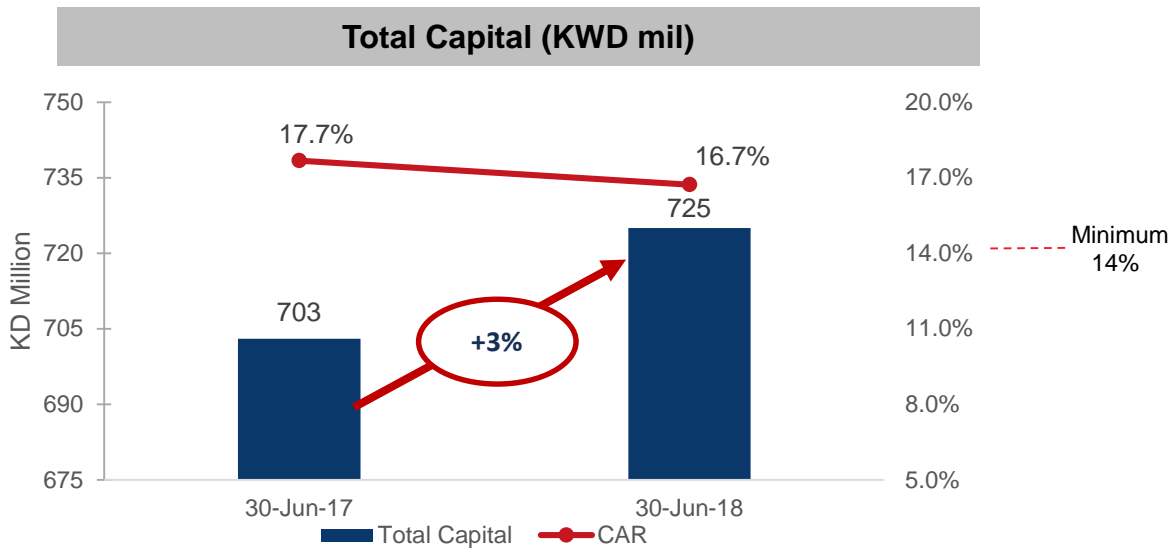
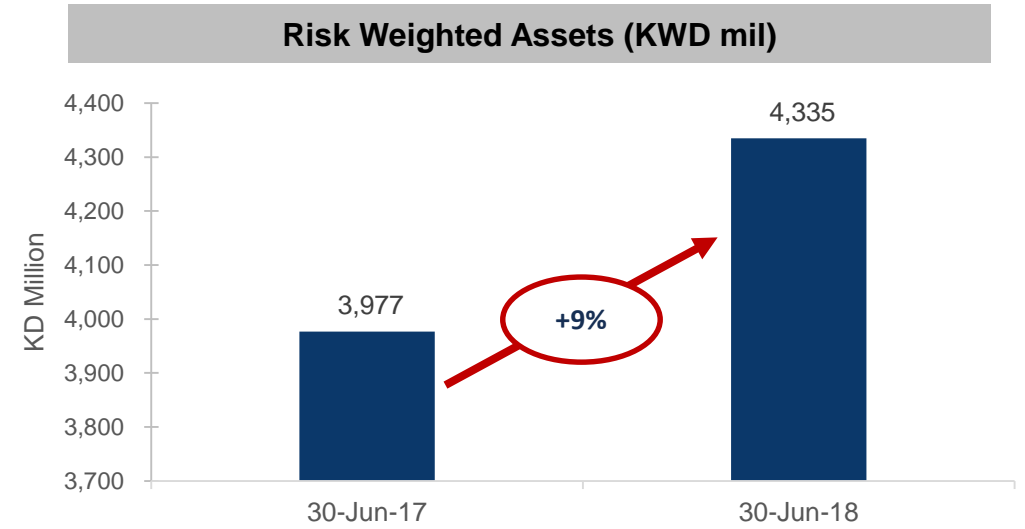
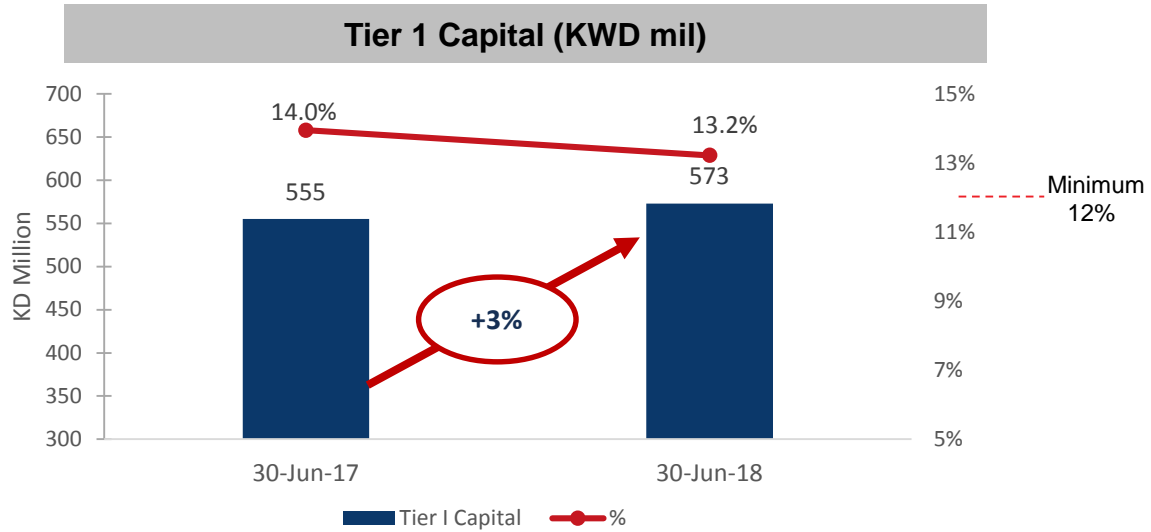
	KD Millions	2016	16 vs 15	2017	17 vs 16	H1-17	% of Avg Assets	H1-18	% of Avg Assets	H1-18 vs H1-17
1	Interest Income	180	7%	206	15%	99	3.6%	119	4.2%	20%
2	Interest Expense	(63)	30%	(74)	17%	(35)	-1.3%	(42)	-1.5%	18%
3	<b>Net Interest Income</b>	<b>117</b>	<b>-2%</b>	<b>132</b>	<b>13%</b>	<b>63</b>	<b>2.30%</b>	<b>77</b>	<b>2.70%</b>	<b>21%</b>
4	Non Interest Income	52	5%	49	-5%	27	1.0%	20	0.7%	-24%
5	<b>Operating Income</b>	<b>169</b>	<b>0%</b>	<b>181</b>	<b>8%</b>	<b>90</b>	<b>3.3%</b>	<b>97</b>	<b>3.4%</b>	<b>8%</b>
6	Operating Expenses	(63)	5%	(64)	2%	(30)	-1.1%	(32)	-1.1%	8%
7	<b>Operating Margin</b>	<b>105</b>	<b>-3%</b>	<b>117</b>	<b>11%</b>	<b>60</b>	<b>2.2%</b>	<b>65</b>	<b>2.3%</b>	<b>8%</b>
8	Provisions/ Impairments	(60)	-10%	(67)	10%	(37)	-1.3%	(37)	-1.3%	1%
9	Taxes/other	(2)	9%	(2)	11%	(1)	0.0%	(1)	0.0%	18%
10	<b>Net Profit</b>	<b>43</b>	<b>10%</b>	<b>48</b>	<b>12%</b>	<b>23</b>	<b>0.83%</b>	<b>27</b>	<b>0.94%</b>	<b>18%</b>
11	ROE	7.8%		8.3%		8.0%		9.1%		
12	Cost to income ratio	37.5%		35.4%		33.0%		33.0%		



# Non Performing Loans



# Capital & Leverage Ratios



**% Tier 1**                      **79%**                      **79%**

# Q&A

# Income Statement

Income Statement (KD Thousands)	H1-17	H1-18
Interest income	98,802	118,718
Interest expense	(35,330)	(41,850)
<b>Net Interest Income</b>	<b>63,472</b>	<b>76,868</b>
Net fees and commissions	16,191	14,711
Net gains from dealing in FX/ derivatives	4,176	4,520
Realised gains from investments	2,749	-
Dividend income	549	588
Other income	3,131	414
<b>Operating Income</b>	<b>90,268</b>	<b>97,101</b>
Staff expenses	(19,216)	(20,591)
Occupancy costs	(2,103)	(2,154)
Depreciation	(1,523)	(1,820)
Other expenses	(6,932)	(7,468)
<b>Operating expenses</b>	<b>(29,774)</b>	<b>(32,033)</b>
<b>Operating Margin</b>	<b>60,494</b>	<b>65,068</b>
Change of Provisions:		
- Specific	(31,508)	(33,320)
- General	(5,621)	(16,670)
Loan recoveries, net of write-off	2,866	19,334
Net provision on other financial assets	-	(26)
Impairment loss on other assets	(2,366)	(6,315)
Impairment loss on investment securities	(33)	-
<b>Operating Profit</b>	<b>23,832</b>	<b>28,071</b>
Contribution to KFAS	(239)	(281)
National Labour Support Tax	(590)	(695)
Zakat	(239)	(281)
<b>Net Profit</b>	<b>22,764</b>	<b>26,814</b>

# Balance Sheet

Balance Sheet (KD Millions)	30-Jun-17	30-Jun-18
<b>Assets</b>		
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Investment securities	119	120
Other assets	166	126
Premises & equipment	30	31
<b>Total Assets</b>	<b>5,638</b>	<b>5,841</b>
<b>Liabilities</b>		
Due to banks	526	336
Deposits from FIs	929	988
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Subordinated Tier II Bonds	100	100
Other liabilities	88	105
<b>Sub-Total</b>	<b>5,061</b>	<b>5,241</b>
<b>Total Equity</b>	<b>577</b>	<b>600</b>
<b>Total Liabilities &amp; Equity</b>	<b>5,638</b>	<b>5,841</b>