



**Gulf Bank**

**Investors Presentation**

**Q3– 2018 Earnings Call**



**Gulf Bank**

## Disclaimer

THE INFORMATION SET OUT IN THIS PRESENTATION AND PROVIDED IN THE DISCUSSION SUBSEQUENT THERETO DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES. IT IS SOLELY FOR USE AT AN INVESTOR PRESENTATION AND IS PROVIDED AS INFORMATION ONLY. THIS PRESENTATION DOES NOT CONTAIN ALL OF THE INFORMATION THAT IS MATERIAL TO AN INVESTOR.

This presentation has been prepared by (and is the sole responsibility of) GULF BANK K.S.C.P. (the “Bank”). The information herein may be amended and supplemented and may not as such be relied upon for the purposes of entering into any transaction. This presentation may not be reproduced (in whole or in part), distributed or transmitted to any other person without the Bank's prior written consent. The information in this presentation and the views reflected therein are those of the Bank and are subject to change without notice.

All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of the matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and, to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance. These materials are not intended to provide the basis for any recommendation that any investor should subscribe for or purchase any securities.

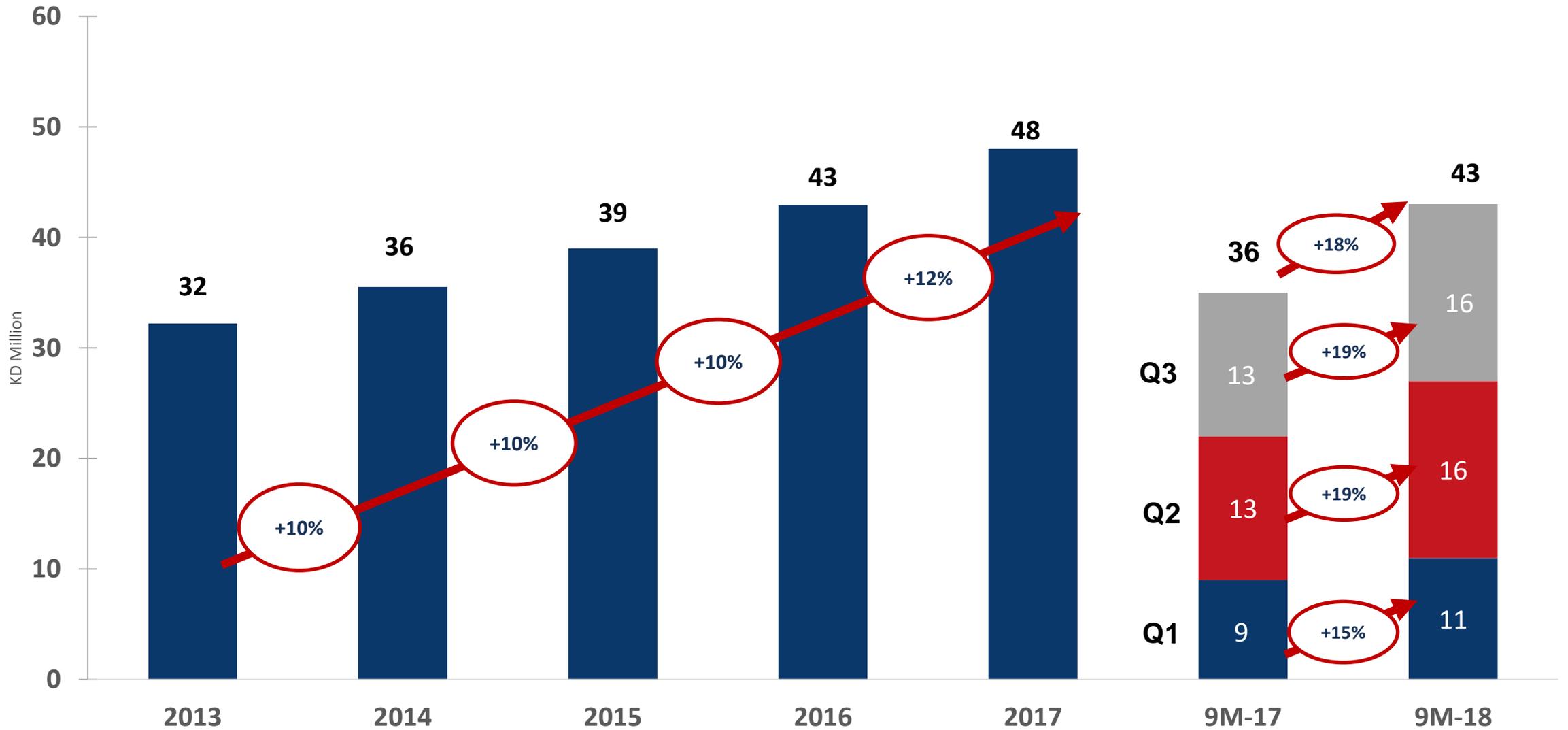
This presentation does not disclose all the risks and other significant issues related to an investment in any securities/transaction. Past performance is not indicative of future results. GULF BANK is under no obligation to update or keep current the information contained herein. No person shall have any right of action against the Bank or any other person in relation to the accuracy or completeness of the information contained in this presentation.

No person is authorized to give any information or to make any representation not contained in and not consistent with this presentation, and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of the Bank.

This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including for the provision of any services). No assurance is given that any such transaction can or will be arranged or agreed.

Certain statements in this presentation may constitute forward-looking statements. These statements reflect the Bank's expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements. The Bank does not assume any obligation to update its view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein.

# Double Digit Net Profit Growth



Good Afternoon  
**What would you like to do today?**

- Open an Account
- Invest
- Get a Loan
- Get a Card
- Locate a Branch
- Calculate
- Upgrade to Premium
- Switch to Business



**CREDIT CARDS**

**THE BEST CASHBACK CARD IN KUWAIT**



**ON ALL PURCHASES**



e-gulfbank.com • 1 805 805

Terms and conditions apply

# 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**

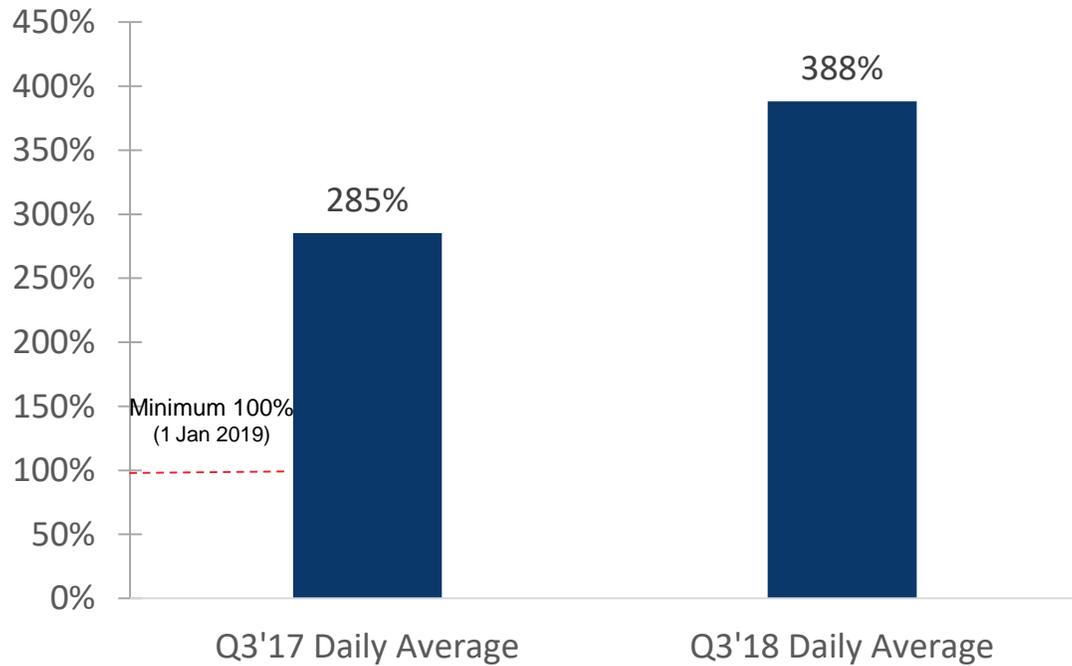
Long Term	BB+	BBB-	BBB	BBB+	BBB+	A-
Outlook	Positive	Stable	Positive	Stable	Positive	Stable

# Balance Sheet

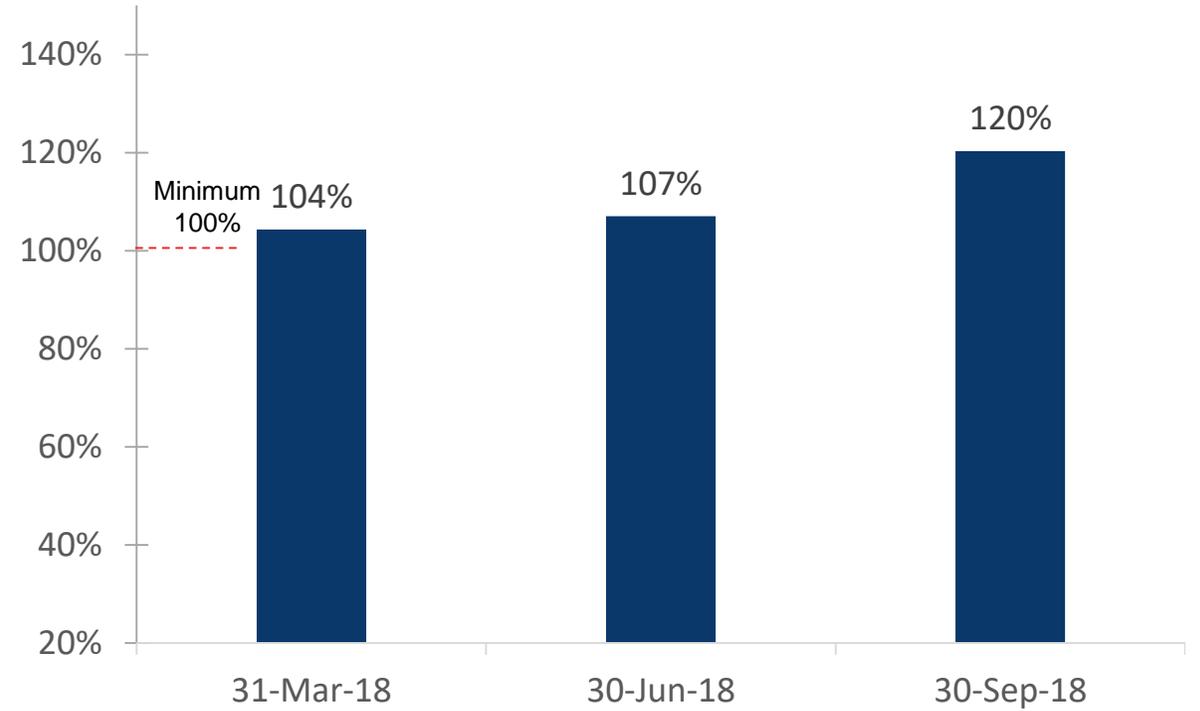
KD Millions	30-Sep-17	% of Total	30-Sep-18	% of Total	30-Sep-18 vs 30-Sep-17	
<b>ASSETS</b>						
1 Cash and cash equivalents	611	11%	805	14%	195	32%
2 Kuwait Government Bonds	585	10%	396	7%	(189)	-32%
3 CBK Bills	330	6%	350	6%	21	6%
4 Deposits with banks and OFIs	122	2%	177	3%	55	45%
5 <b>Liquid Assets</b>	<b>1,648</b>	<b>29%</b>	<b>1,729</b>	<b>29%</b>	<b>81</b>	<b>5%</b>
6 Loans and advances to banks	126	2%	128	2%	2	2%
7 Loans and advances to customers	3,560	63%	3,821	64%	261	7%
8 <b>Net Loans</b>	<b>3,687</b>	<b>65%</b>	<b>3,949</b>	<b>66%</b>	<b>263</b>	<b>7%</b>
9 <b>Investment Securities</b>	<b>119</b>	<b>2%</b>	<b>123</b>	<b>2%</b>	<b>4</b>	<b>4%</b>
10 Other assets	174	3%	117	2%	(57)	-33%
11 Premises and equipment	30	1%	31	1%	1	5%
12 <b>Other Assets</b>	<b>203</b>	<b>4%</b>	<b>148</b>	<b>2%</b>	<b>(56)</b>	<b>-27%</b>
13 <b>TOTAL ASSETS</b>	<b>5,657</b>	<b>100%</b>	<b>5,949</b>	<b>100%</b>	<b>292</b>	<b>5%</b>
<b>LIABILITIES</b>						
14 Due to banks	426	8%	380	6%	(46)	-11%
15 Deposits from FIs	932	16%	1,056	18%	124	13%
16 Customer deposits	3,508	62%	3,697	62%	190	5%
17 Subordinated Tier II Bonds	100	2%	100	2%	-	0%
18 Other liabilities	100	2%	102	2%	2	2%
19 <b>TOTAL LIABILITIES</b>	<b>5,066</b>	<b>90%</b>	<b>5,336</b>	<b>90%</b>	<b>270</b>	<b>5%</b>
20 <b>Total Equity</b>	<b>591</b>	<b>10%</b>	<b>614</b>	<b>10%</b>	<b>22</b>	<b>4%</b>
21 <b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,657</b>	<b>100%</b>	<b>5,949</b>	<b>100%</b>	<b>292</b>	<b>5%</b>
22 Average assets	5,587		5,795		208	4%
23 Average equity	577		600		23	4%

# Liquidity Ratios

## Liquidity Coverage Ratio



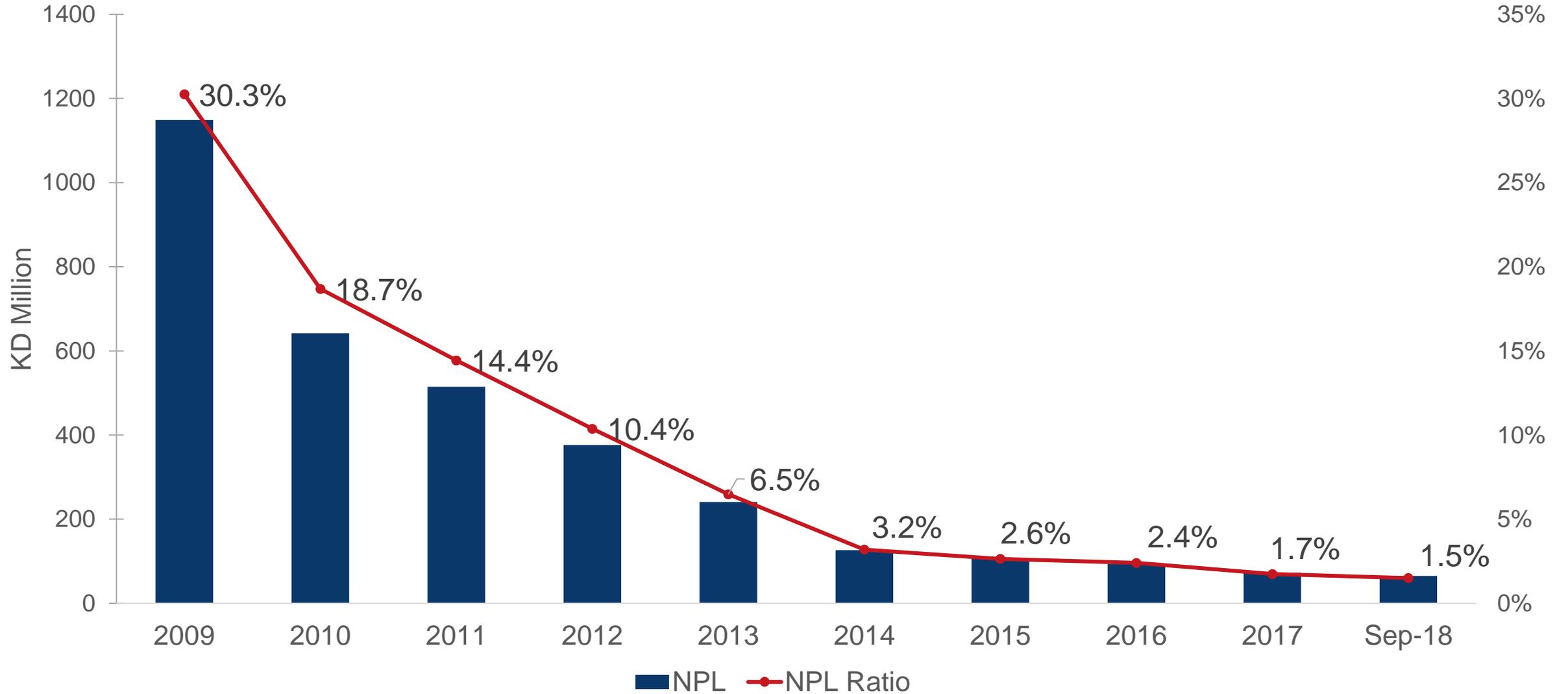
## NSFR



# Income Statement

KD Millions	2016	16 vs 15	2017	17 vs 16	YTD Q3 '17	% of Avg. Assets	YTD Q3 '18	% of Avg. Assets	YTD Q3 '18 vs YTD Q3 '17
1 Interest Income	180	7%	206	15%	151	3.6%	180	4.2%	19%
2 Interest Expense	(63)	30%	(74)	17%	(54)	-1.3%	(65)	-1.5%	20%
3 <b>Net Interest Income</b>	<b>117</b>	<b>-2%</b>	<b>132</b>	<b>13%</b>	<b>97</b>	<b>2.33%</b>	<b>115</b>	<b>2.66%</b>	<b>19%</b>
4 Fees/ FX	41	5%	40	-2%	30	0.7%	29	0.7%	-4%
5 <b>Core Operating Income</b>	<b>157</b>	<b>0%</b>	<b>172</b>	<b>9%</b>	<b>127</b>	<b>3.0%</b>	<b>144</b>	<b>3.3%</b>	<b>13%</b>
6 Operating Expenses	(63)	5%	(64)	2%	(45)	-1.1%	(48)	-1.1%	8%
7 <b>Core Operating Margin</b>	<b>94</b>	<b>-3%</b>	<b>108</b>	<b>15%</b>	<b>83</b>	<b>2.0%</b>	<b>96</b>	<b>2.2%</b>	<b>16%</b>
8 Other Income	11	2%	9	-18%	7	0.2%	1	0.0%	-80%
9 <b>Operating Margin</b>	<b>105</b>	<b>-3%</b>	<b>117</b>	<b>11%</b>	<b>90</b>	<b>2.1%</b>	<b>97</b>	<b>2.2%</b>	<b>9%</b>
10 Provisions/ Impairments	(60)	-10%	(67)	10%	(52)	-1.2%	(53)	-1.2%	2%
11 Taxes/ Other	(2)	9%	(2)	11%	(2)	0.0%	(2)	0.0%	18%
12 <b>Net Profit</b>	<b>43</b>	<b>10%</b>	<b>48</b>	<b>12%</b>	<b>36</b>	<b>0.87%</b>	<b>43</b>	<b>0.98%</b>	<b>18%</b>
13 ROE	7.8%		8.3%		8.4%		9.5%		
14 Cost to Income Ratio	37.5%		35.4%		33.3%		33.2%		

# Non Performing Loans

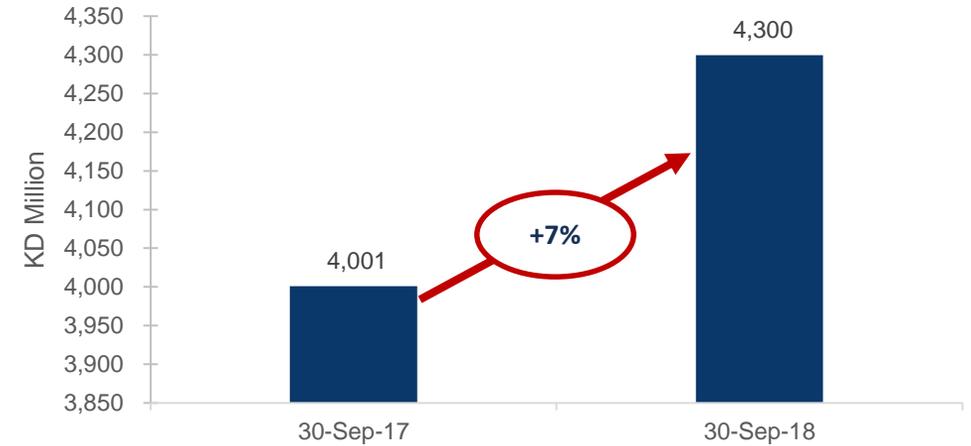


# Capital & Leverage Ratios

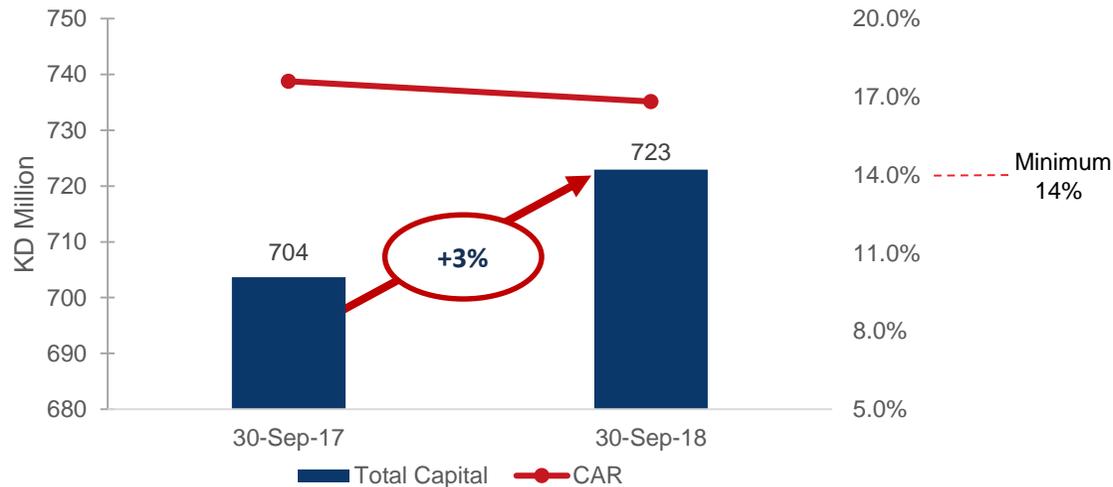
### Tier 1 Capital (KWD mil)



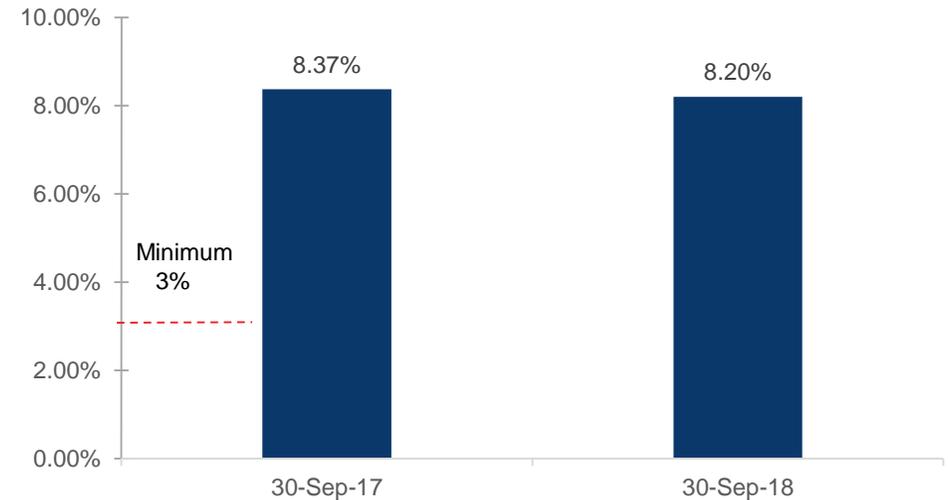
### Risk Weighted Assets (KWD mil)



### Total Capital (KWD mil)



### Leverage Ratio



% Tier 1

79%

79%

# Q&A

# Income Statement

# Balance Sheet

Income Statement (KD Thousands)	YTD Q3 -17	YTD Q3 -18
Interest income	151,339	180,434
Interest expense	(54,114)	(65,051)
<b>Net Interest Income</b>	<b>97,225</b>	<b>115,383</b>
Net fees and commissions	23,363	22,085
Net gains from dealing in FX/ derivatives	6,825	6,820
Realised gains from investments	2,798	-
Dividend income	639	678
Other income	3,767	769
<b>Operating Income</b>	<b>134,617</b>	<b>145,735</b>
Staff expenses	(29,028)	(31,062)
Occupancy costs	(3,225)	(3,344)
Depreciation	(2,365)	(2,729)
Other expenses	(10,258)	(11,180)
<b>Operating Expenses</b>	<b>(44,876)</b>	<b>(48,315)</b>
<b>Operating Margin</b>	<b>89,741</b>	<b>97,420</b>
Charge of provisions:		
- specific	(44,581)	(50,637)
- general	(8,999)	(16,006)
Loan recoveries, net of write-off	4,540	21,533
Net provision on other financial assets	-	(55)
Impairment loss on other assets	(2,826)	(7,575)
Impairment loss on investment securities	(33)	-
<b>Operating Profit</b>	<b>37,842</b>	<b>44,680</b>
Contribution to KFAS	(379)	(447)
National Labour Support Tax	(937)	(1,106)
Zakat	(379)	(447)
<b>Net Profit</b>	<b>36,147</b>	<b>42,680</b>

Balance Sheet (KD Millions)	30-Sep-17	30-Sep-18
<b>Assets</b>		
Cash and cash equivalents	611	805
Kuwait Government Bonds	585	396
CBK Bills	330	350
Deposits with banks and OFIs	122	177
Loans and advances to banks	126	128
Loans and advances to customers	3,560	3,821
Investment securities	119	123
Other assets	174	117
Premises and equipment	30	31
<b>Total Assets</b>	<b>5,657</b>	<b>5,949</b>
<b>Liabilities</b>		
Due to banks	426	380
Deposits from FIs	932	1,056
Customer deposits	3,508	3,697
Subordinated Tier II Bonds	100	100
Other liabilities	100	102
<b>Sub-total</b>	<b>5,065</b>	<b>5,336</b>
Total equity	591	614
<b>Total Liabilities and Equity</b>	<b>5,657</b>	<b>5,949</b>