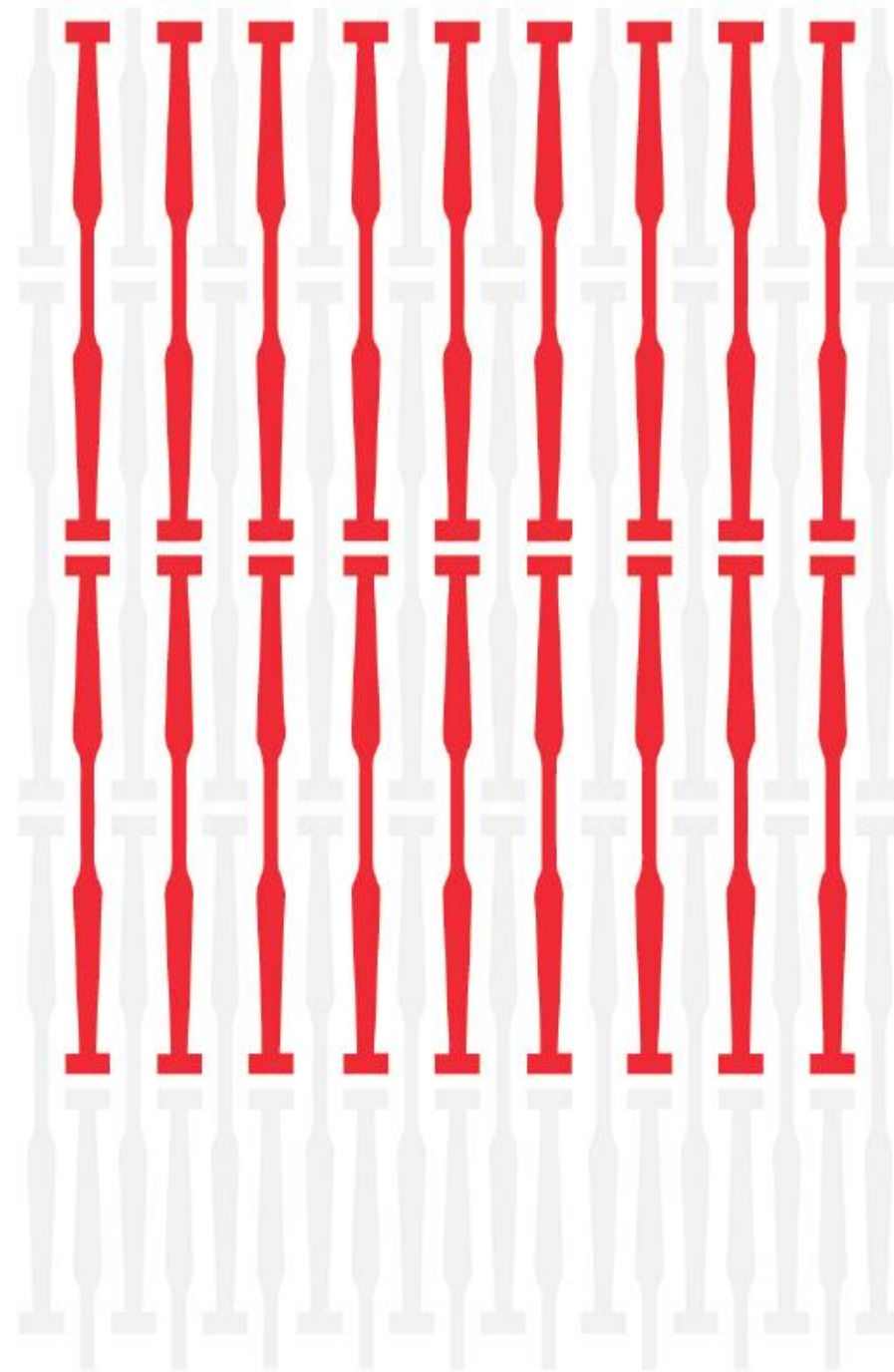




# Gulf Bank

## Earnings Presentation 3<sup>rd</sup> Quarter 2021

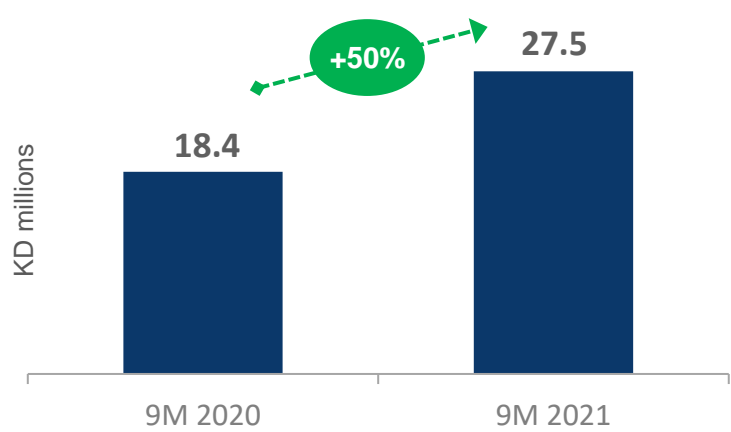
28 October 2021



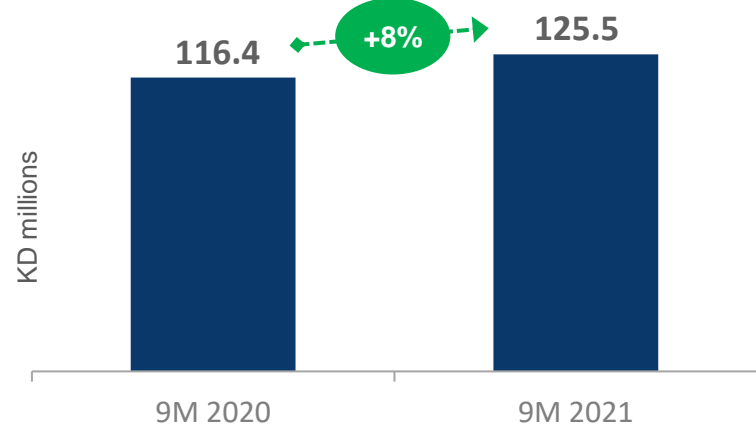
# 9 Months 2021 Key Highlights



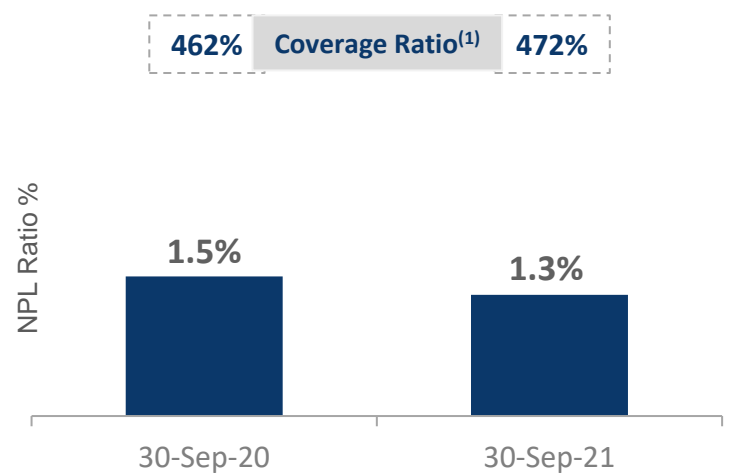
## 1 Net Profit



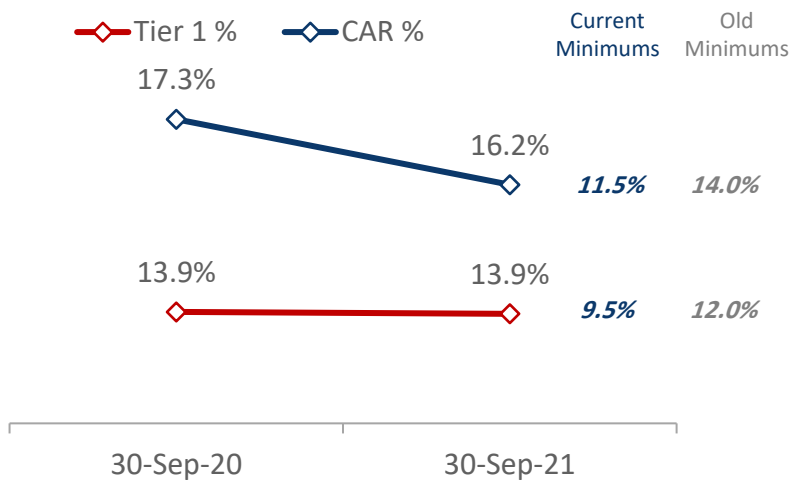
## 2 Operating Income



## 3 Asset Quality



## 4 Capital Ratios



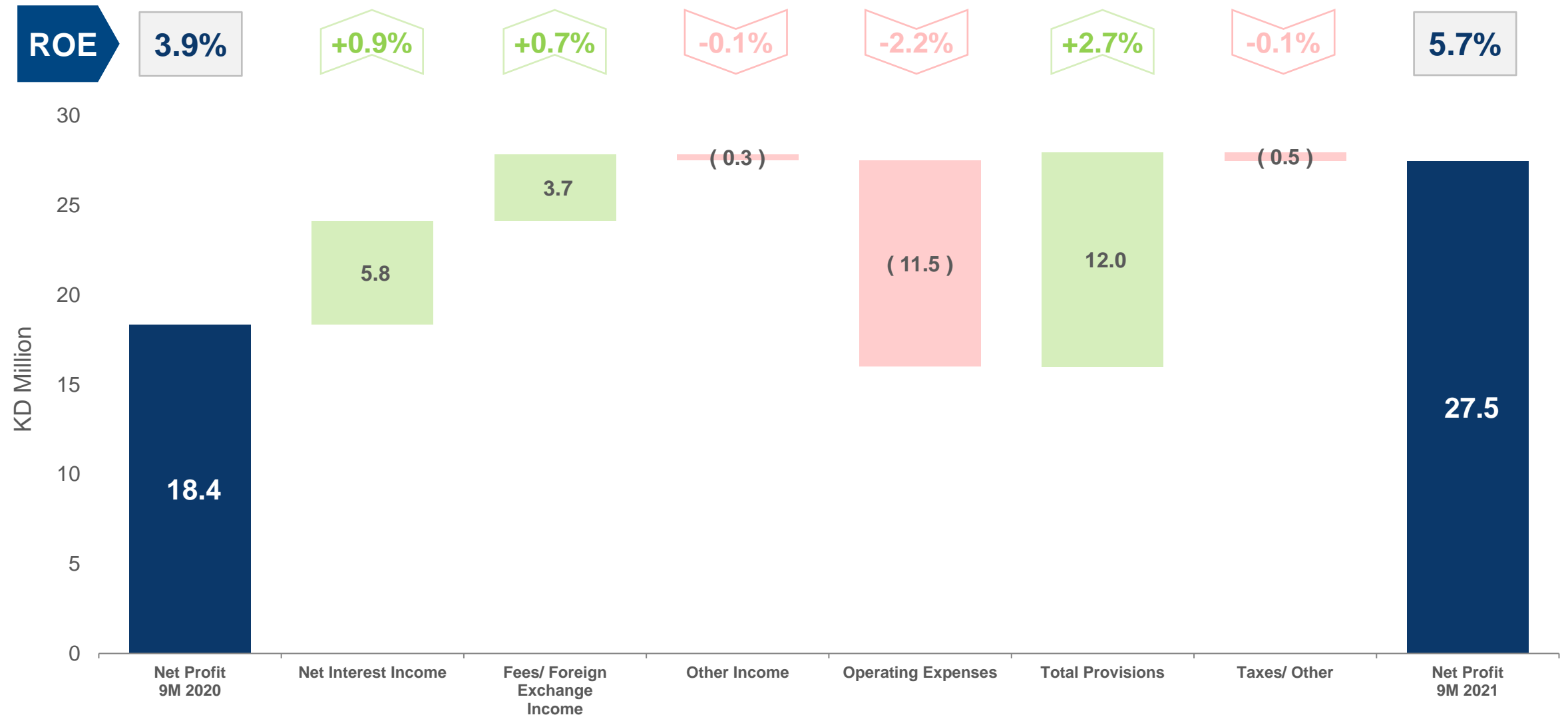
## 5 Credit Ratings

	Credit Rating	Outlook
MOODY'S	A3	Stable
Fitch Ratings	A+	Negative
CI CAPITAL intelligence	A+	Stable
S&P Global Ratings	BBB+	Stable



(1) Coverage ratio includes total provisions and collaterals.

# 9 Months 2021 Net Profit vs. 9 Months 2020 Net Profit Evolution



# Income Statement



KD Millions	Q1 2020A	Q2 2020A	Q3 2020A	Q4 2020A	Q1 2021A	Q2 2021A	Q3 2021A	Q3 21A vs Q3 20A		9M 2020A	9M 2021A	9M 21A vs 9M 20A	
								Amt	%			Amt	%
1 Interest Income	58.0	55.2	49.3	46.8	45.3	46.0	46.7	(2.6)	-5%	162.6	138.0	(24.6)	-15%
2 Interest Expense	(29.1)	(22.8)	(17.8)	(14.8)	(12.6)	(13.3)	(13.5)	4.3	24%	(69.8)	(39.4)	30.4	44%
3 <b>Net Interest Income</b>	<b>28.9</b>	<b>32.4</b>	<b>31.5</b>	<b>32.0</b>	<b>32.6</b>	<b>32.7</b>	<b>33.3</b>	<b>1.8</b>	<b>6%</b>	<b>92.8</b>	<b>98.6</b>	<b>5.8</b>	<b>6%</b>
4 Fees/ FX Income	8.8	6.3	7.4	9.1	8.8	8.9	8.6	1.1	15%	22.5	26.2	3.7	16%
5 Other Income	0.6	0.2	0.2	0.9	0.1	0.2	0.4	0.2	88%	1.1	0.7	(0.3)	-30%
6 <b>Operating Income</b>	<b>38.3</b>	<b>38.9</b>	<b>39.2</b>	<b>41.9</b>	<b>41.5</b>	<b>41.7</b>	<b>42.3</b>	<b>3.1</b>	<b>8%</b>	<b>116.4</b>	<b>125.5</b>	<b>9.2</b>	<b>8%</b>
7 Operating Expenses	(18.7)	(14.7)	(14.1)	(16.4)	(20.5)	(19.7)	(18.9)	(4.8)	-34%	(47.6)	(59.1)	(11.5)	-24%
8 <b>Operating Margin</b>	<b>19.6</b>	<b>24.2</b>	<b>25.1</b>	<b>25.6</b>	<b>21.1</b>	<b>22.0</b>	<b>23.3</b>	<b>(1.7)</b>	<b>-7%</b>	<b>68.8</b>	<b>66.4</b>	<b>(2.3)</b>	<b>-3%</b>
9 Credit Costs <sup>(1)</sup>	(7.3)	(21.0)	(16.6)	(14.0)	(8.3)	(16.5)	(10.5)	6.1	37%	(45.0)	(35.3)	9.7	21%
10 General Provisions	(3.3)	0.5	(1.5)	0.1	(0.1)	(0.8)	(1.3)	0.2	15%	(4.3)	(2.2)	2.1	49%
11 Other Provisions/Impairments	0.1	(0.4)	0.0	(0.6)	(0.1)	0.0	(0.0)	(0.0)	265%	(0.3)	(0.1)	0.2	61%
12 Taxes/ Other	(0.4)	(0.1)	(0.3)	(0.6)	(0.6)	(0.2)	(0.5)	(0.2)	-71%	(0.9)	(1.3)	(0.5)	-55%
13 <b>Net Profit</b>	<b>8.6</b>	<b>3.2</b>	<b>6.6</b>	<b>10.4</b>	<b>12.0</b>	<b>4.6</b>	<b>11.0</b>	<b>4.4</b>	<b>67%</b>	<b>18.4</b>	<b>27.5</b>	<b>9.1</b>	<b>50%</b>
14 Return on Assets (ROA) %	0.5%	0.2%	0.4%	0.7%	0.8%	0.3%	0.7%			0.4%	0.6%		
15 Return on Equity (ROE) %	5.3%	2.1%	4.3%	6.6%	7.6%	2.9%	6.7%			3.9%	5.7%		
16 Cost to Income Ratio (CIR) %	48.9%	37.9%	36.0%	39.0%	49.3%	47.2%	44.8%			40.9%	47.1%		
17 Net Interest Margin (NIM) bps <sup>(2)</sup>	183	209	209	211	214	209	209			201	211		
18 Cost of Risk (COR) bps <sup>(3)</sup>	65	186	146	125	76	146	90			133	104		

(1) Includes specific provisions, recoveries, and write-offs (2) Net Interest Income / Average assets;

(3) Credit Costs / Average gross customer loans.

# Balance Sheet



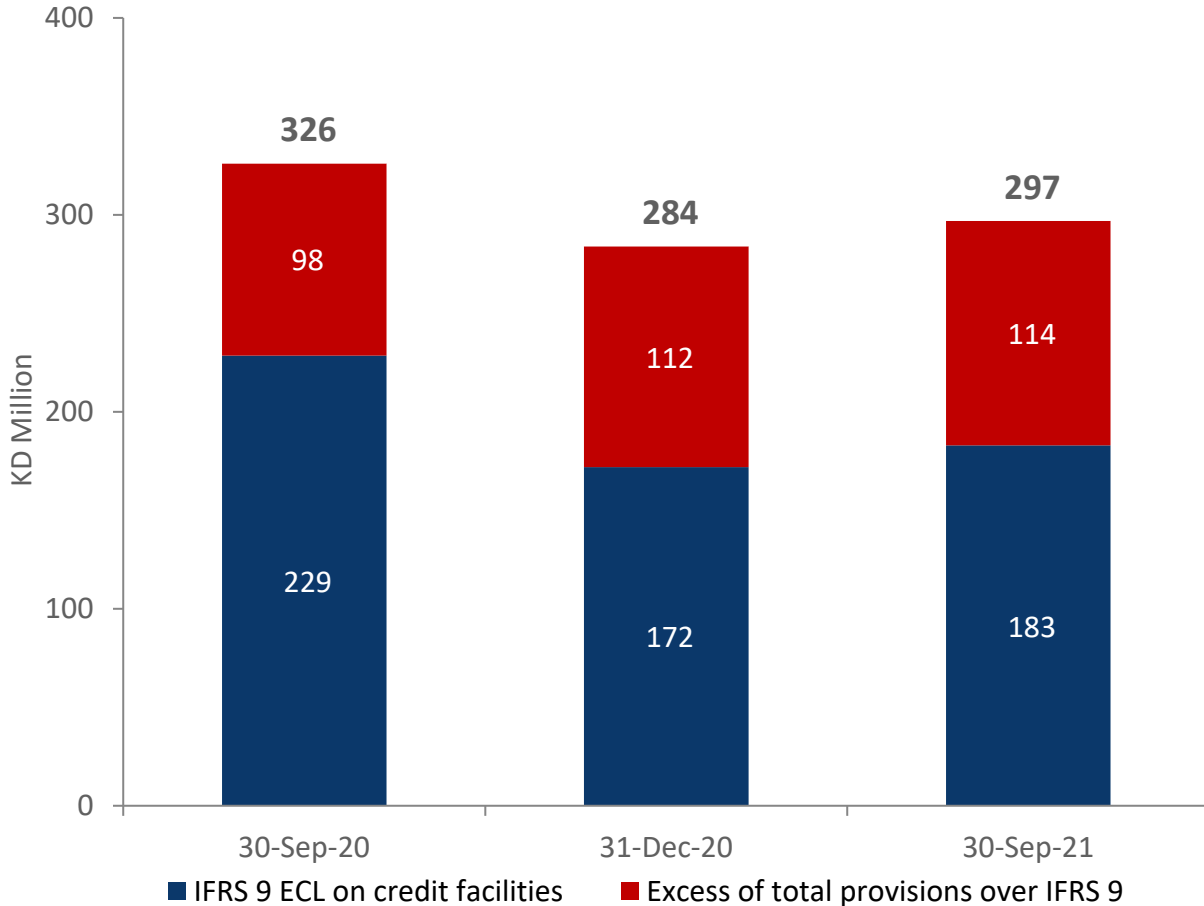
KD Millions	30-Sep-20	% of Total	31-Dec-20	% of Total	30-Sep-21	% of Total	Var Sep 21 vs Sep 20		Var Sep 21 vs Dec 20	
							Amount	%	Amount	%
<b>ASSETS</b>										
1 Cash and cash equivalents	826		1,106		876		50	6%	(229)	-21%
2 Kuwait Government Bonds	109		109		91		(18)	-16%	(18)	-16%
3 CBK Bills	280		281		281		2	1%	1	0%
4 Deposits with banks and OFIs	0		3		113		113		110	
5 <b>Liquid Assets</b>	<b>1,215</b>	<b>20%</b>	<b>1,498</b>	<b>25%</b>	<b>1,361</b>	<b>22%</b>	<b>147</b>	<b>12%</b>	<b>(137)</b>	<b>-9%</b>
6 Loans and advances to customers	4,515		4,384		4,700		185	4%	315	7%
7 Loans and advances to banks	195		193		248		53	27%	55	28%
8 Provisions	(309)		(269)		(279)		30	-10%	(10)	4%
9 <b>Net Loans</b>	<b>4,400</b>	<b>74%</b>	<b>4,309</b>	<b>70%</b>	<b>4,669</b>	<b>74%</b>	<b>268</b>	<b>6%</b>	<b>360</b>	<b>8%</b>
10 <b>Investment securities</b>	<b>165</b>	<b>3%</b>	<b>175</b>	<b>3%</b>	<b>150</b>	<b>2%</b>	<b>(15)</b>	<b>-9%</b>	<b>(25)</b>	<b>-14%</b>
11 Other assets	119		97		116		(3)	-3%	19	19%
12 Premises and equipment	35		34		33		(1)	-3%	(1)	-2%
13 <b>Other assets</b>	<b>154</b>	<b>3%</b>	<b>131</b>	<b>2%</b>	<b>149</b>	<b>2%</b>	<b>(4)</b>	<b>-3%</b>	<b>18</b>	<b>14%</b>
14 <b>TOTAL ASSETS</b>	<b>5,934</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>6,330</b>	<b>101%</b>	<b>395</b>	<b>7%</b>	<b>217</b>	<b>4%</b>
<b>LIABILITIES</b>										
15 Due to banks	310		551		564		254	82%	13	2%
16 Deposits from FIs	828		705		719		(110)	-13%	13	2%
17 <b>Customer deposits</b>	<b>3,971</b>	<b>67%</b>	<b>4,034</b>	<b>66%</b>	<b>4,154</b>	<b>66%</b>	<b>183</b>	<b>5%</b>	<b>120</b>	<b>3%</b>
18 Other borrowed funds	100		100		150		50	50%	50	50%
19 Other liabilities	102		86		90		(13)	-12%	4	5%
20 <b>TOTAL LIABILITIES</b>	<b>5,312</b>	<b>90%</b>	<b>5,475</b>	<b>90%</b>	<b>5,676</b>	<b>90%</b>	<b>364</b>	<b>7%</b>	<b>201</b>	<b>4%</b>
21 <b>Total Equity</b>	<b>622</b>	<b>10%</b>	<b>637</b>	<b>10%</b>	<b>654</b>	<b>10%</b>	<b>31</b>	<b>5%</b>	<b>16</b>	<b>3%</b>
22 <b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,934</b>	<b>100%</b>	<b>6,113</b>	<b>100%</b>	<b>6,330</b>	<b>101%</b>	<b>395</b>	<b>7%</b>	<b>217</b>	<b>4%</b>
23 Average assets	6,160		6,150		6,251					
24 Average equity	631		632		643					
25 NPL ratio	1.5%		1.1%		1.3%					
26 Coverage ratio <sup>(1)</sup>	462%		568%		472%					

(1) Coverage ratio includes total provisions and collaterals.

# Total Credit Provisions exceed IFRS 9 accounting requirements by KD 114 million



**Total Provisions on Credit Facilities**



**Excess / Total Provision**

**30%**

**39%**

**38%**

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

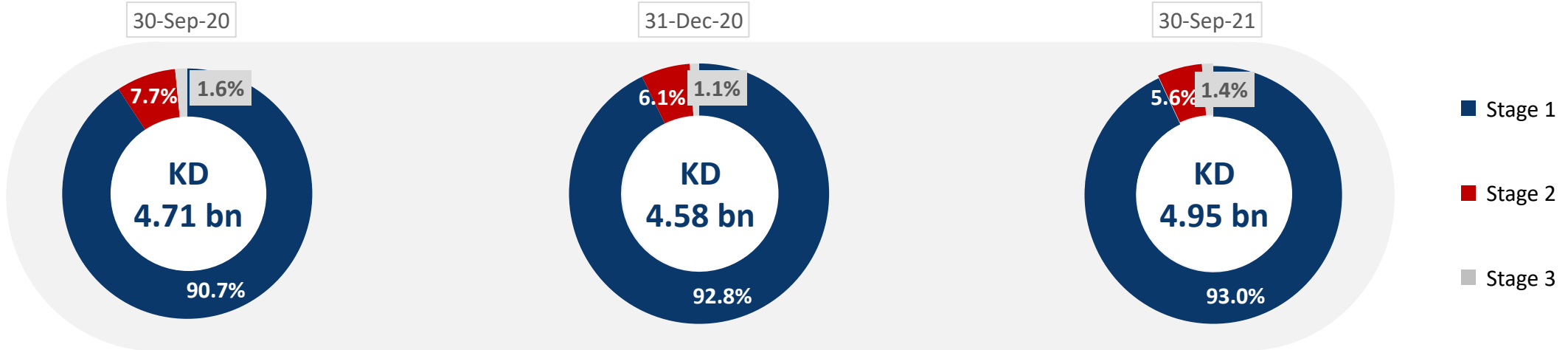
(KD Millions)	30 Sep 2020	31 Dec 2020	30 Sep 2021
Provision on cash facilities	309	269	279
Provision on non-cash facilities	17	15	18
<b>Total provisions on credit facilities (A)</b>	<b>326</b>	<b>284</b>	<b>297</b>
<b>IFRS 9 ECL on credit facilities (B)</b>	<b>229</b>	<b>172</b>	<b>183</b>
<b>Excess of total provisions over IFRS 9 ECL on credit facilities (A-B)</b>	<b>98</b>	<b>112</b>	<b>114</b>



# With stable Gross Loans stage composition and coverage

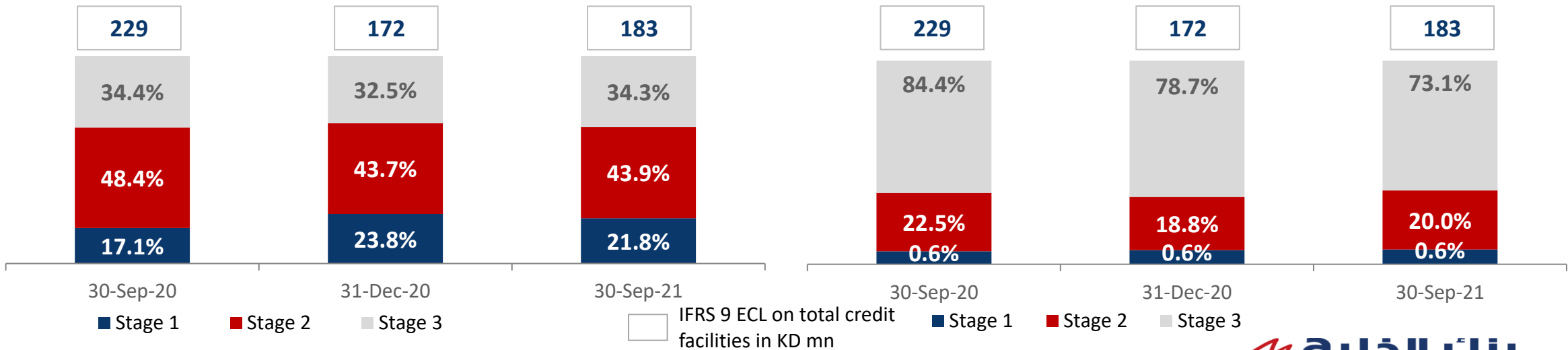


## Gross Loans by Stages %<sup>(1)</sup>



## IFRS 9 ECL by Stages %

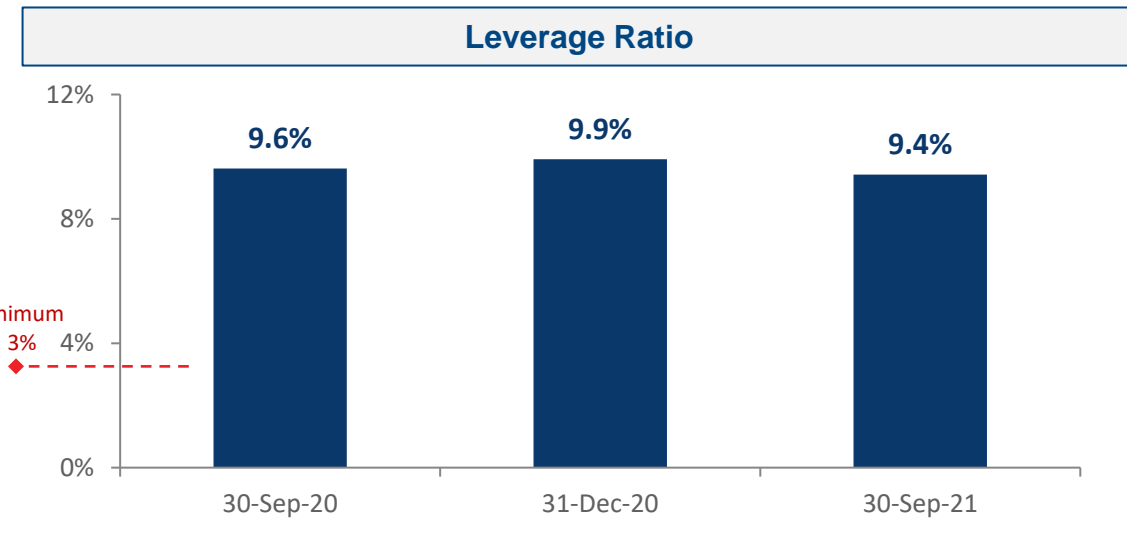
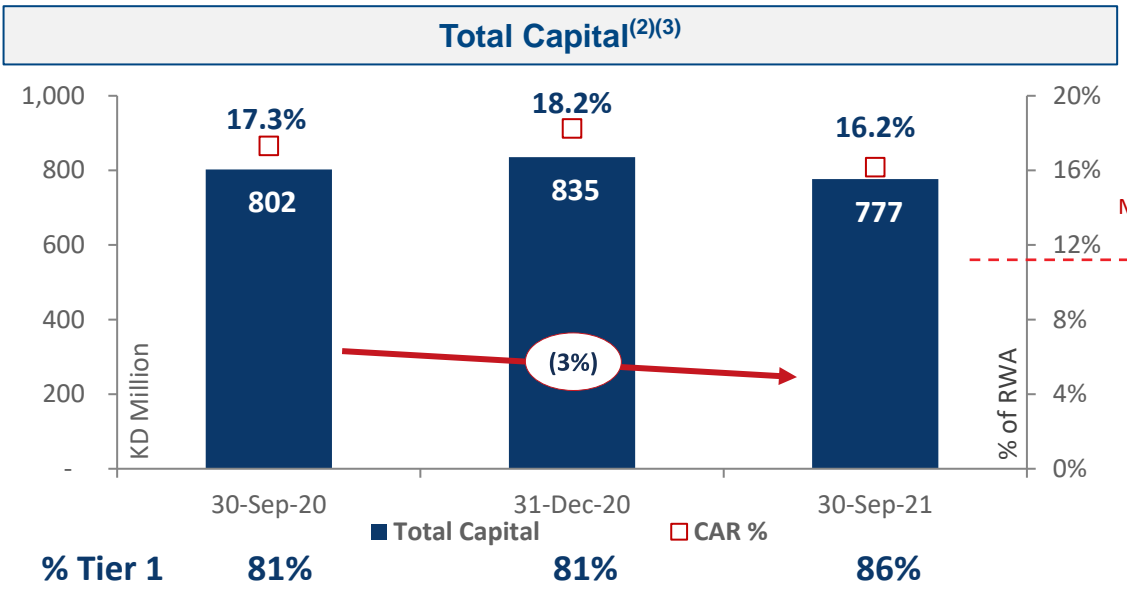
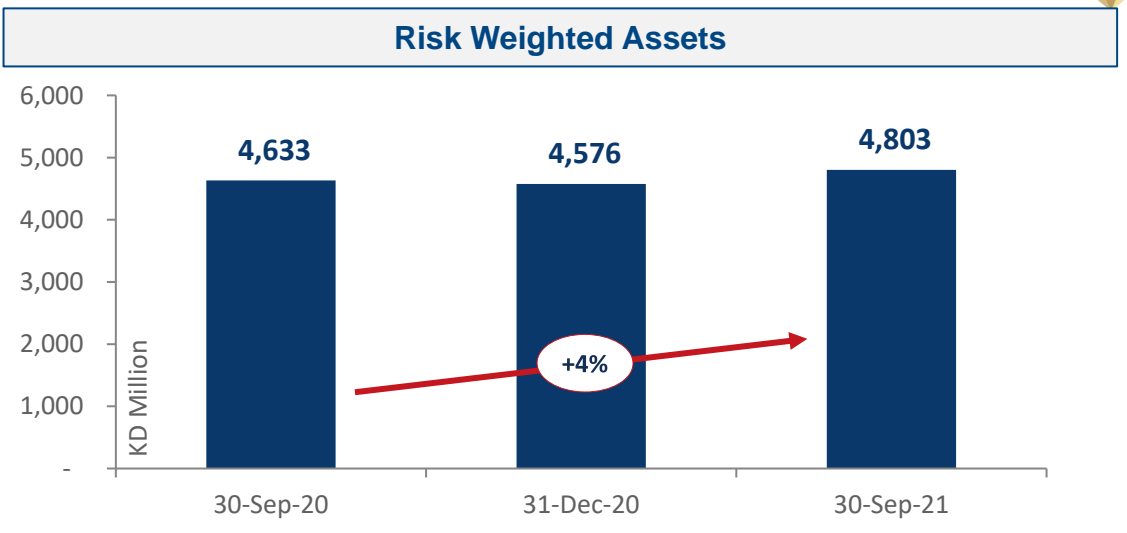
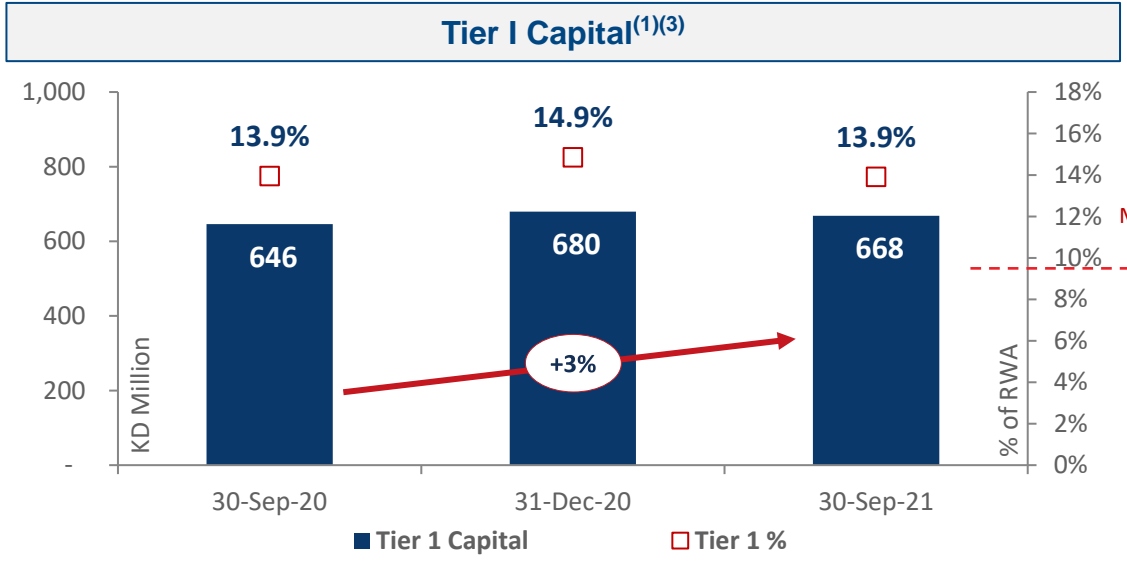
## IFRS 9 ECL Coverage by Total Credit Facilities Stages %<sup>(2)</sup>



(1) Stage 3 loans are marginally higher than the credit impaired loans due to qualitative and quantitative factors as per IFRS 9;

(2) Total Credit facilities includes Loans and advances to banks and customers and Contingent liabilities and commitments.

# Capital and Leverage Ratios



(1) Tier 1 Ratio regulatory minimum has been relaxed from 12% to 9.5%; (2) CAR regulatory minimum has been relaxed from 14% to 11.5%; (3) Tier 1 and Capital Adequacy Ratio (CAR) regulatory minimums include 1% DSIB. Note: The changes in the regulatory minimums were instructed by CBK in April 2020 and are currently effective until 31 December 2021.

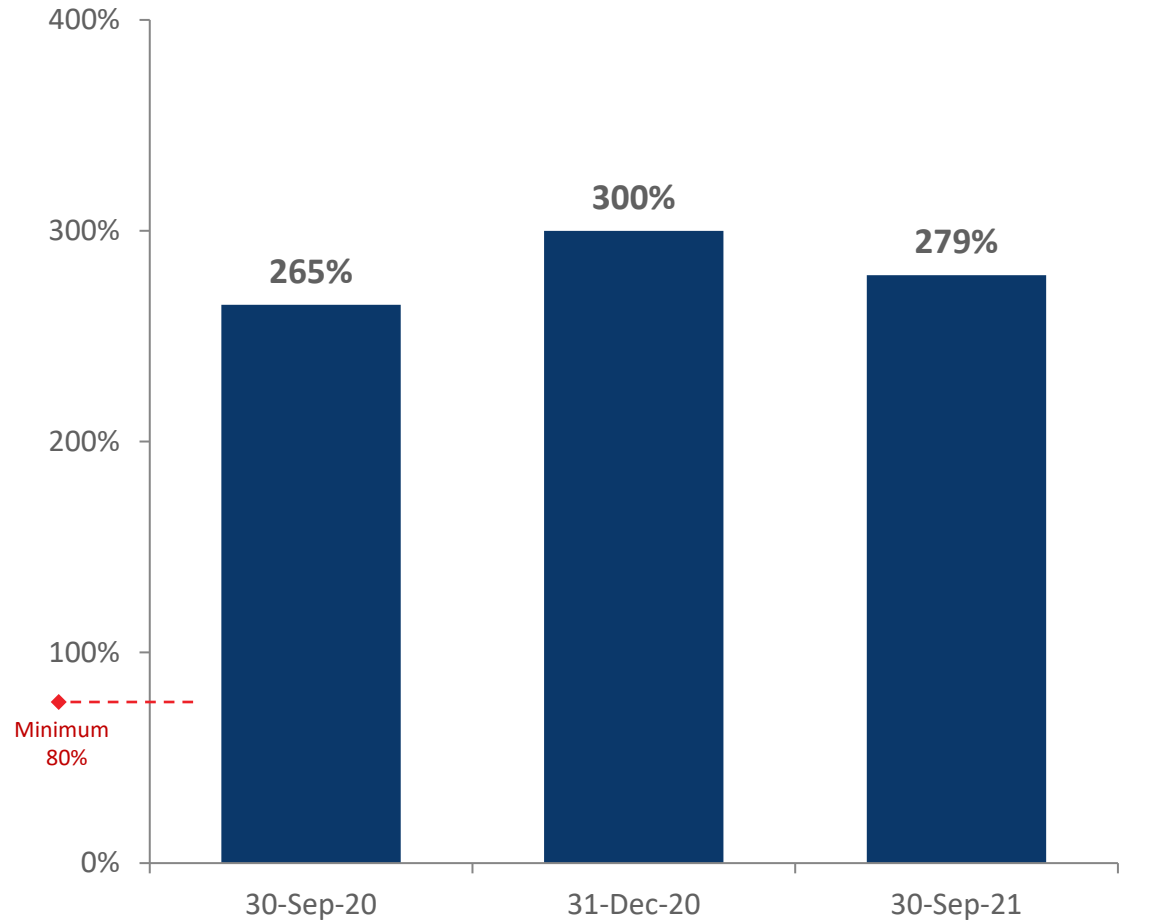




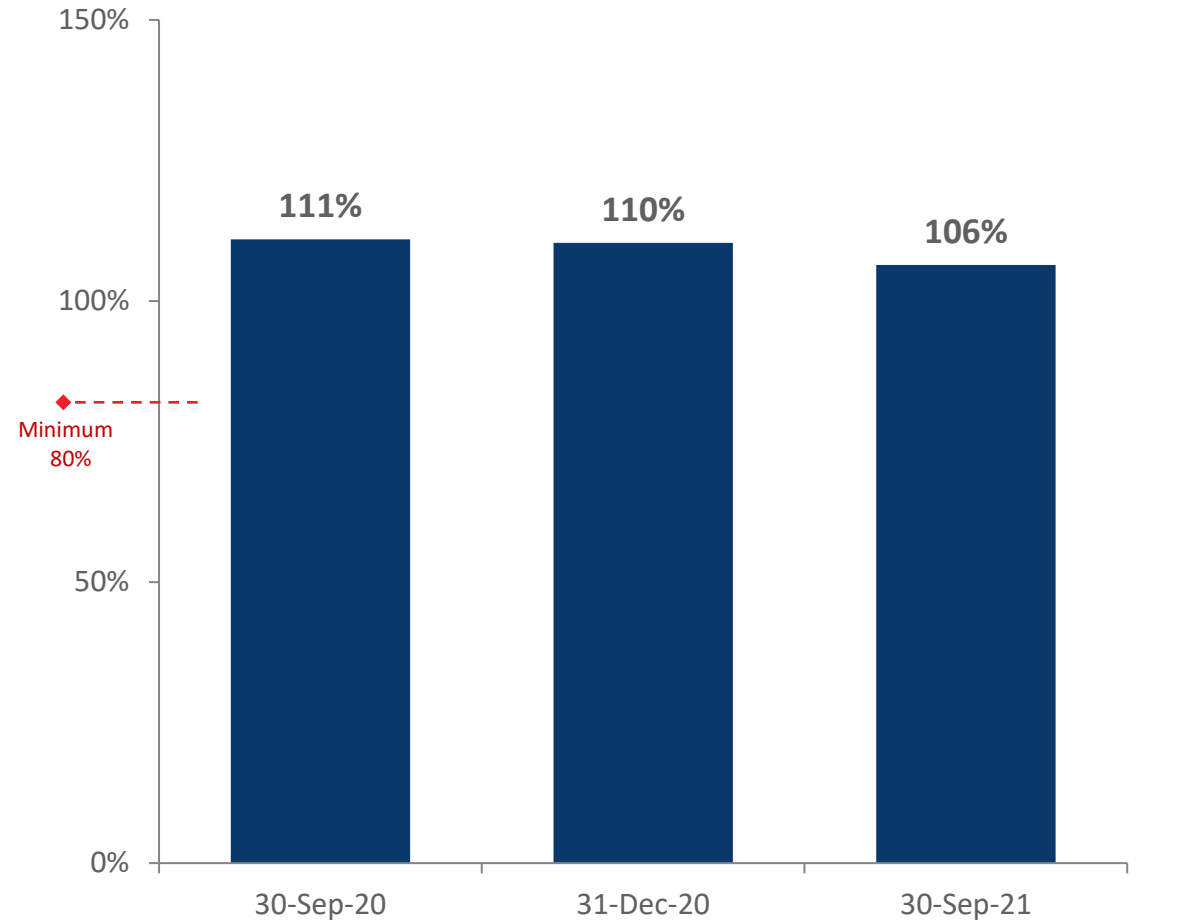
# Liquidity Ratios



Liquidity Coverage Ratio<sup>(1)</sup>



Net Stable Funding Ratio<sup>(1)</sup>



(1) Liquidity Coverage Ratio and Net Stable Funding Ratio regulatory minimums have been relaxed from 100% to 80%.

Note: The changes in the regulatory minimums were instructed by CBK in April 2020 and are currently effective until 31 December 2021.

# Q&A

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