

Gulf Bank

Investors Presentation

3rd Quarter 2022

Gulf Bank at a glance

Gulf Bank is one of the leading Conventional banks in Kuwait

1960

Founded

1984

Listed on
Kuwait Stock
Exchange

50+

Branches
across
Kuwait

7.1

KD Billion
Total Assets
Q3 2022

Shareholder information

GBK Index Landscape



Listed in Boursa Kuwait
Under Premier Market



FTSE Russell Emerging Markets
Index since September 2017

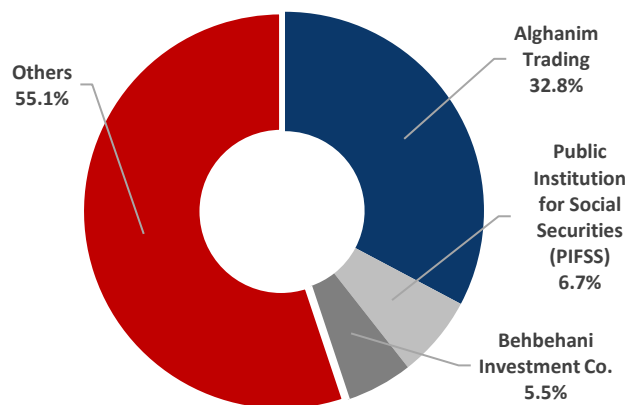


S&P DJI Emerging Market
Index since December 2018



MSCI Emerging Market
Index since November 2020

Ownership Structure as of 30 September 2022



Ticker	GBK
ISIN	KW0EQ0100028
Number of Shares Issued	3,200,534,293
Market Cap as of 30 September 2022	KD 960.2 Million

Our Business Model

Consumer Banking

Our Consumer Banking serves a broad range of customer segments, offering customer-centric solutions and a unique experience tailored to each customer segment. Our diversified product offering includes personal loan options, credit and debit cards, and deposits.

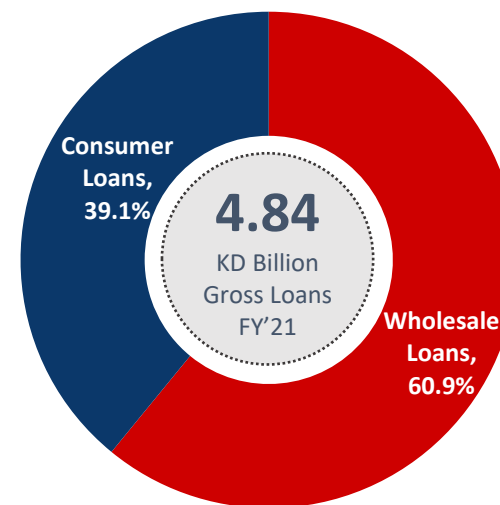
Wholesale Banking

Our Wholesale Banking has a comprehensive suite of wholesale, commercial and Small and Medium Enterprise (SME) banking products and services. These include structured finance, project finance, transaction banking, Advisory / Corporate Finance and Investment Banking, Merchant Banking and Cards.

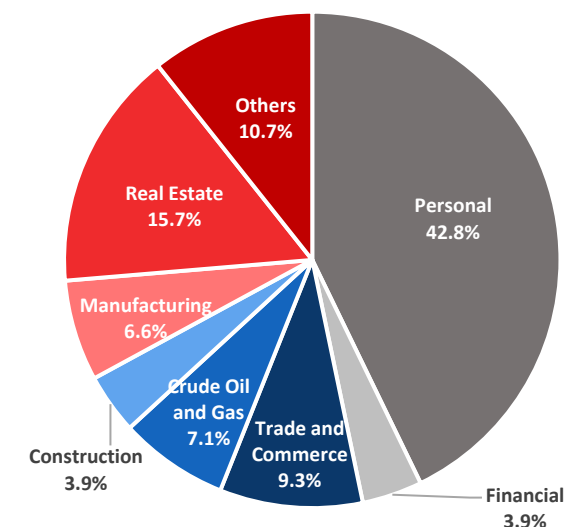
Treasury and Investment

Our Treasury focus is to optimize the balance sheet's efficiency, managing the Bank's liquidity while supporting asset growth and sufficient buffers to meet regulatory requirements. Our Investment Services manages the Bank's proprietary investment and offer investment products to clients.

Gross Loans by Segment⁽¹⁾



Gross Loans by Sector⁽²⁾



(1) Note 24 A in Financial Statement – Credit Quality by class of financial assets and Financial assets individually impaired by segment as of 31 December 2021;

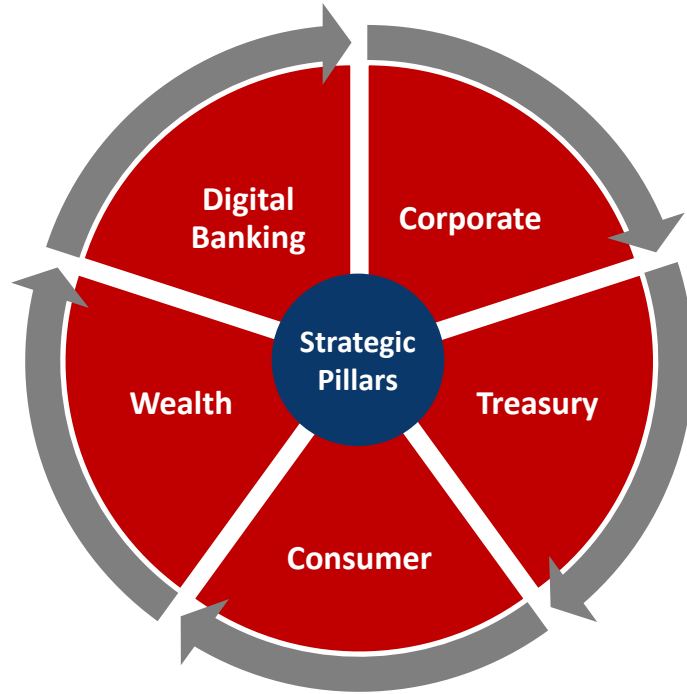
(2) Note 12 A in Financial Statement – Based on the primary purpose of the loans and advances given to customers as of 31 December 2021.

► Gulf Bank Strategy 2025

Gulf Bank's strategy is based on simple and innovative services that facilitate customers' lives and achieve sustainable growth, with the aim of cementing the Bank's position as the leading Kuwaiti Bank of the Future. The Bank new strategy aims to provide customers with an unprecedented banking experience in Kuwait, based on digital transformation processes already underway both at the customer service level and internal operations level. The focus of Strategy '2025' is on:

- Promoting selective growth in the corporate banking and SME segment by expanding our product range and services;
- Growing Consumer banking market share, while supporting the youth, women and affluent client segments; and
- Developing the Bank's digital banking platforms in order to improve services and increase competitiveness.

Digital Transformation Strategic Focus



1

Digitization of Operations

- ▶ Use Advance Data Science to improve engagement with customers and grow market share.
- ▶ Upgrade of the Core Banking System, which will introduce new products, services and features including Omni-channel initiative.
- ▶ Install new Treasury System to cater for the Full Treasury Trade Cycle and introduce new automation, products, robust credit and market risk limits monitoring, in addition to seamless operational back-office services.
- ▶ Optimize physical branch network utilizing the Banks' digital transformation journey.

2

Tailored Customer Offerings

- ▶ Improve sales and service levels by identifying profitable segments under consumer banking.
- ▶ Develop business with the affluent segment by providing premium services.
- ▶ Expand product range, transaction banking, corporate finance and include small and mid-sized enterprises.
- ▶ Expand footprint outreach in-line with Kuwait Vision 2035 "New Kuwait".

Vision and Mission



Our Vision

To be the leading Kuwaiti bank of the future.



Our Mission

To provide customers with simple and innovative services, in order to enable sustainable growth.

To ensure the success of this strategy, Gulf Bank has set the foundation to foster a performance-driven culture, introduce new technology solutions and adopt world-class risk management practices. This is facilitated through new Core Values of being 'Ambitious' in providing the best solutions, engaging our 'People' to provide customer excellence and to serve the community, by individually taking 'Ownership' to stand up to our challenges and by removing unnecessary complexities to make our banking enjoyable with 'Simple', efficient and elegant solutions.

Gulf Bank is committed to maintaining a robust sustainability program at the community, economic, and environmental levels through sustainability initiatives that are strategically selected to benefit both the country and the Bank.

Strategic Foundation

People

Foster a performance-driven culture based on meritocracy and engagement

Technology

Introduce technology solutions to enable a bank wide digital transformation

Risk

Adopt world-class Risk Management practices

Core Values

Ambitious



We are ambitious in meeting the challenges of the future, and in providing the best banking solutions.



People

We engage, empower and develop our people in order to provide customer excellence and to serve the community.



Ownership

We individually take ownership before we hold anyone else accountable, we stand up to our challenges and support each other as one family.



Simple

We strive to remove unnecessary complexities in our processes to make banking enjoyable for our customers. Solutions that are simple, efficient and elegant.

Sustainability at Gulf Bank

Gulf Bank is committed to having a significant role and contribution in the marketplace by exhibiting exceptional services and products, and operational performance progression that ultimately have an impact towards international and national goals for respected sustainability frameworks and enablers. We believe that our performance should extend beyond finance and should emphasize our non-financial performance and contribution to the four sustainability dimensions and our integration of ESG criteria within our daily practices and initiatives.

Gulf Bank contribution to and alignment to ESG international and national frameworks



Established by UN Women and the UN Global Compact Office

Women's Empowerment Principles (WEPs)



Kuwait National Development Plan (KNDP)



Global Reporting Initiative



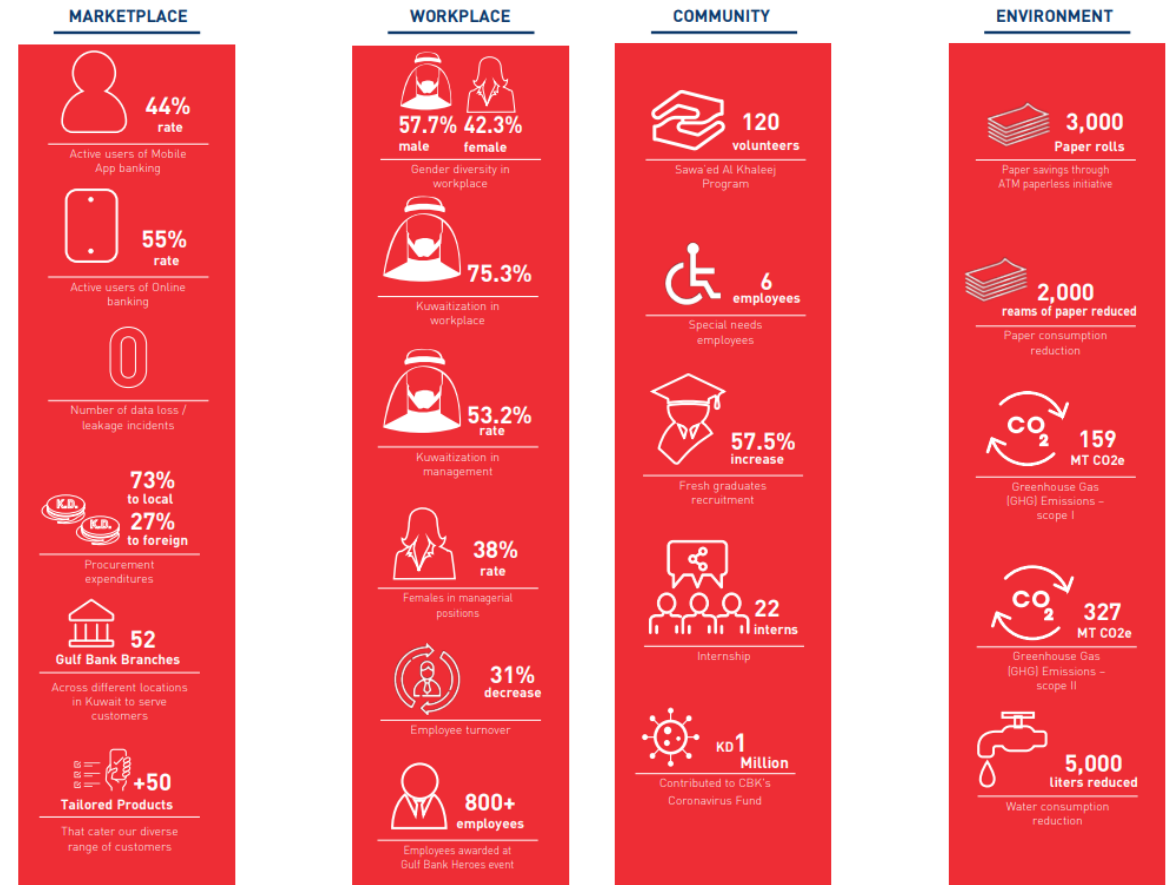
United Nations Sustainable Development Goals (SDGs)



بورصة الكويت
BOURSA KUWAIT

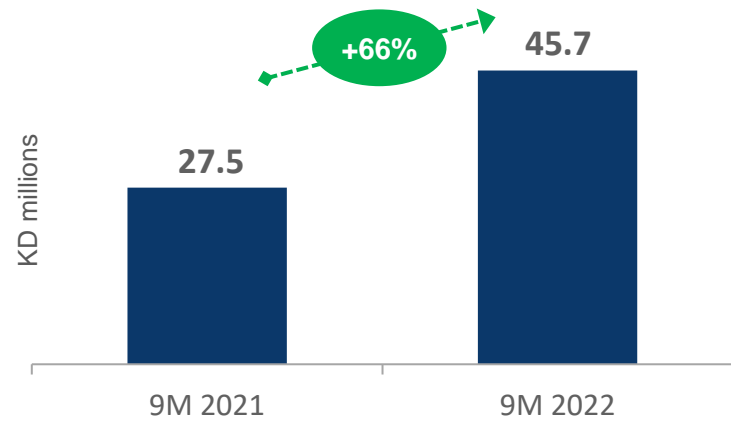
Boursa Kuwait Sustainability Disclosure Guide

2020 Gulf Bank Sustainability Highlights

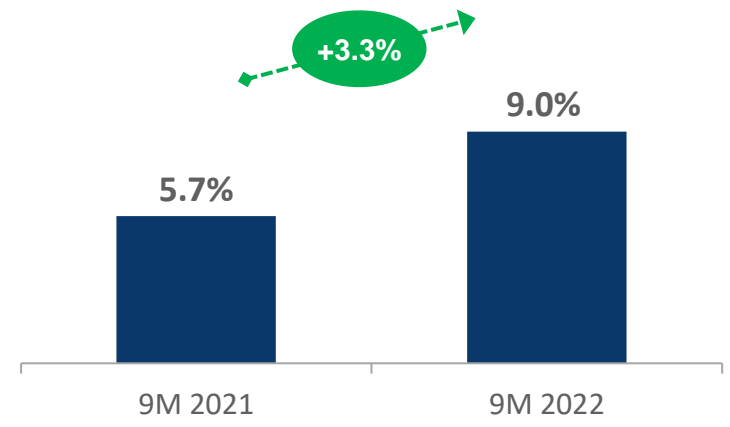


▶ 9 Months 2022 Key Highlights

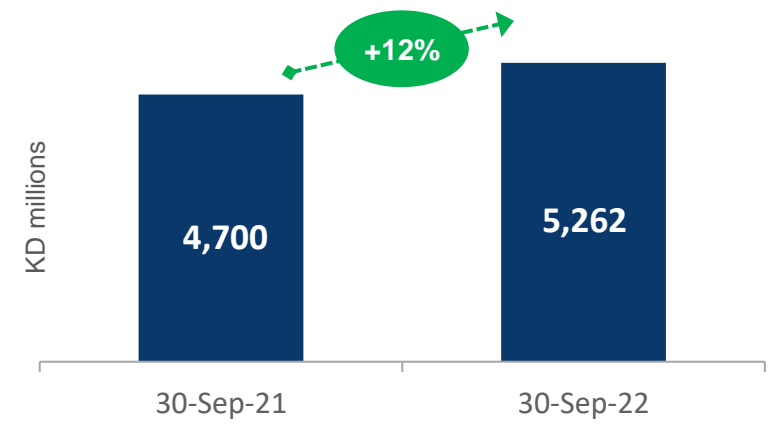
1 Net Profit



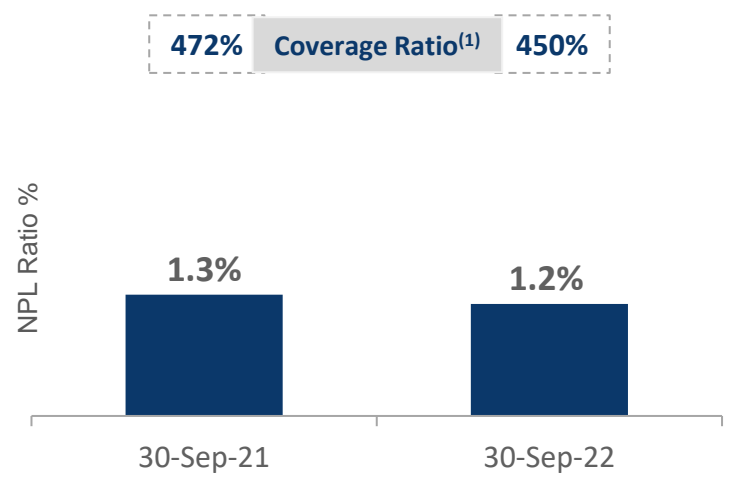
2 Return on Equity



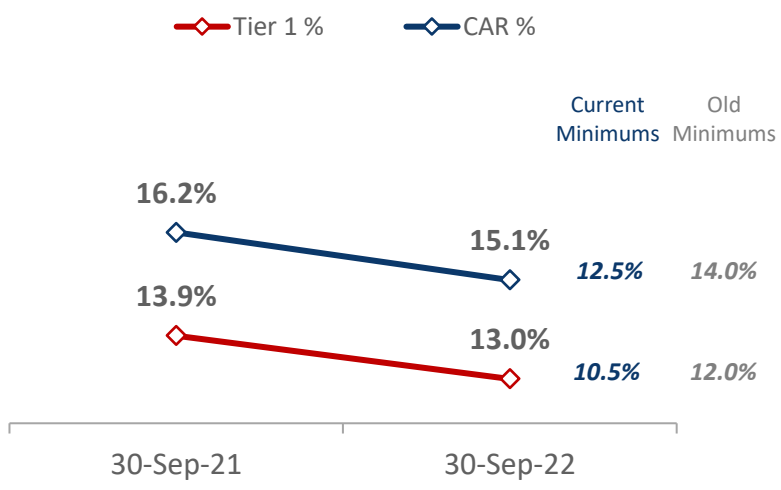
3 Gross Customer Loans



4 Asset Quality



5 Capital Ratios



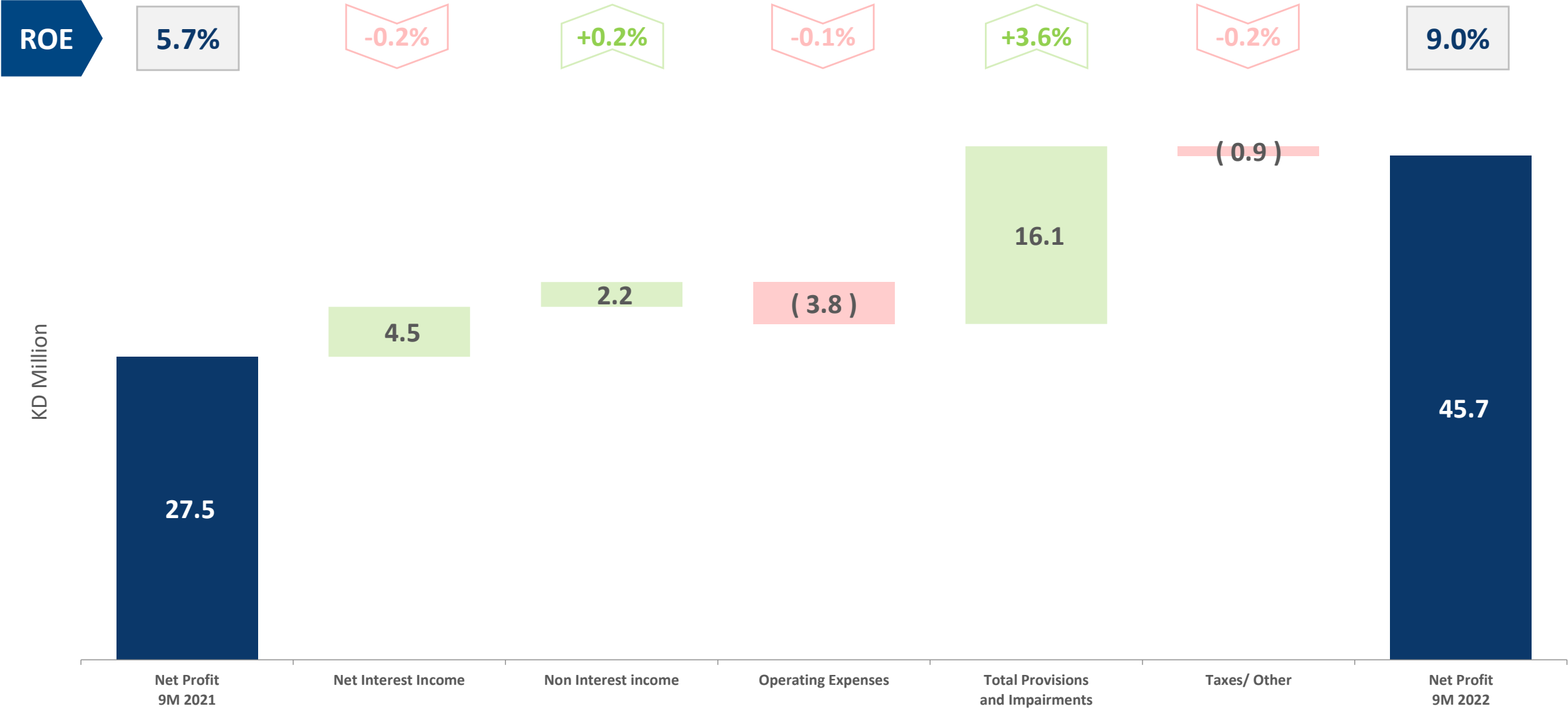
6 Credit Ratings

	Credit Rating	Outlook
MOODY'S	A3	Stable
CAPITAL intelligence	A+	Stable
Fitch Ratings	A	Stable

(1) Coverage ratio includes total provisions and collaterals.



9 Months 2022 Net Profit vs. 9 Months 2021 Net Profit Evolution



Income Statement

KD Millions	Q1 2021A	Q2 2021A	Q3 2021A	Q4 2021A	Q1 2022A	Q2 2022A	Q3 2022A	Q3 22A vs Q2 22A		9M 2021A	9M 2022A	9M 22A vs 9M 21A	
								Amt	%			Amt	%
1 Interest Income	45.3	46.0	46.7	48.0	46.7	52.5	67.0	14.5	28%	138.0	166.2	28.2	20%
2 Interest Expense	(12.6)	(13.3)	(13.5)	(14.3)	(14.4)	(19.1)	(29.6)	(10.5)	-55%	(39.4)	(63.1)	(23.7)	-60%
3 Net Interest Income	32.6	32.7	33.3	33.7	32.2	33.5	37.4	3.9	12%	98.6	103.1	4.5	5%
4 Fees/ FX Income	8.8	8.9	8.6	10.3	9.1	10.0	9.0	(1.0)	-10%	26.2	28.0	1.8	7%
5 Other Income	0.1	0.2	0.4	0.5	0.2	0.4	0.6	0.2	65%	0.7	1.2	0.4	60%
6 Operating Income	41.5	41.7	42.3	44.5	41.5	43.8	47.0	3.2	7%	125.5	132.3	6.8	5%
7 Operating Expenses	(20.5)	(19.7)	(18.9)	(19.1)	(19.8)	(21.5)	(21.6)	(0.2)	-1%	(59.1)	(62.9)	(3.8)	-6%
8 Operating Margin	21.1	22.0	23.3	25.4	21.7	22.3	25.3	3.0	13%	66.4	69.4	3.0	4%
9 Credit Costs ⁽¹⁾	(8.3)	(16.5)	(10.5)	(8.5)	(5.1)	(2.9)	(8.0)	(5.1)	-173%	(35.3)	(16.1)	19.2	54%
10 General Provisions	(0.1)	(0.8)	(1.3)	(1.4)	(0.9)	(3.4)	(1.1)	2.3	67%	(2.2)	(5.4)	(3.2)	-145%
11 Other Provisions/Impairments	(0.1)	0.0	(0.0)	(0.0)	0.0	(0.1)	(0.0)	0.0	72%	(0.1)	(0.1)	0.1	48%
12 Taxes/ Other	(0.6)	(0.2)	(0.5)	(0.9)	(0.7)	(0.7)	(0.7)	(0.0)	-1%	(1.3)	(2.2)	(0.9)	-65%
13 Net Profit	12.0	4.6	11.0	14.6	15.0	15.2	15.4	0.2	1%	27.5	45.7	18.2	66%
14 Return on Assets (ROA) %	0.8%	0.3%	0.7%	0.9%	0.9%	0.9%	0.9%			0.6%	0.9%		
15 Return on Equity (ROE) %	7.6%	2.9%	6.7%	8.8%	9.2%	9.1%	8.9%			5.7%	9.0%		
16 Cost to Income Ratio (CIR) %	49.3%	47.2%	44.8%	42.9%	47.7%	49.0%	46.0%			47.1%	47.5%		
17 Net Interest Margin (NIM) bps ⁽²⁾	214	209	209	208	200	201	213			211	204		
18 Cost of Risk (COR) bps ⁽³⁾	76	146	90	71	43	24	61			104	43		

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

(3) Credit Costs / Average gross customer loans.

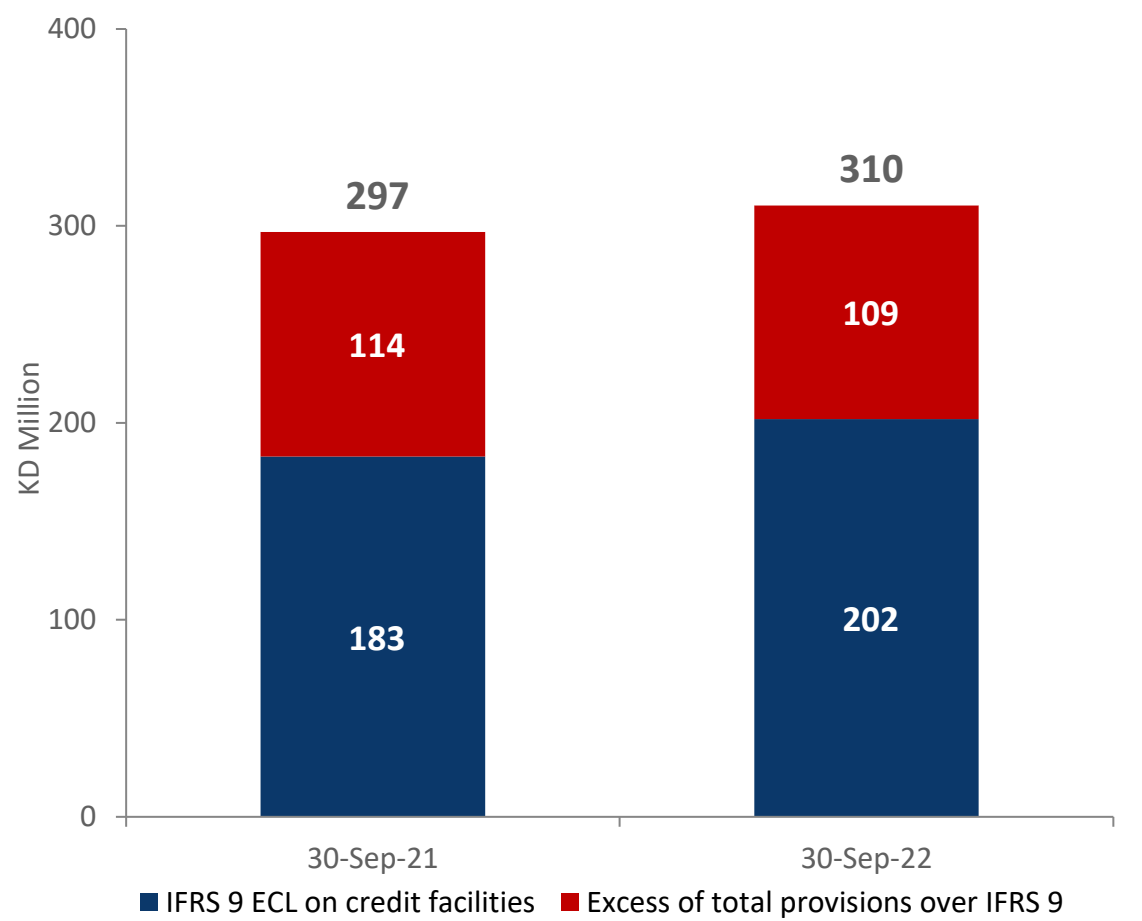
Balance Sheet

KD Millions	30-Sep-21	% of Total	31-Dec-21	% of Total	30-Sep-22	% of Total	Var Sep 22 vs Sep 21		Var Sep 22 vs Dec 21	
							Amount	%	Amount	%
ASSETS										
1 Cash and cash equivalents	876		942		1,035		158	18%	92	10%
2 Kuwait Government Bonds	91		74		22		-69	-76%	-52	-70%
3 CBK Bills	281		281		370		89	32%	89	32%
4 Deposits with banks and OFIs	113		125		77		-36	-32%	-48	-38%
5 Liquid Assets	1,361	22%	1,422	22%	1,504	21%	142	10%	81	6%
6 Loans and advances to customers	4,700		4,838		5,262		562	12%	423	9%
7 Loans and advances to banks	248		280		300		52	21%	20	7%
8 Provisions	-279		-282		-291		-13	5%	-10	3%
9 Net Loans	4,669	74%	4,837	74%	5,270	75%	601	13%	433	9%
10 Investment securities	150	2%	142	2%	106	2%	-44	-29%	-36	-25%
11 Other assets	116		121		140		24	21%	19	16%
12 Premises and equipment	33		34		36		2	7%	1	4%
13 Other assets	149	2%	155	2%	176	2%	27	18%	21	13%
14 TOTAL ASSETS	6,330	100%	6,556	100%	7,056	100%	726	11%	500	8%
LIABILITIES										
15 Due to banks	564		596		618		55	10%	23	4%
16 Deposits from FIs	719		673		807		88	12%	134	20%
17 Customer deposits	4,154	66%	4,304	66%	4,469	63%	314	8%	165	4%
18 Other borrowed funds	150		215		321		171	114%	106	49%
19 Other liabilities	90		102		137		47	53%	35	34%
20 TOTAL LIABILITIES	5,676	90%	5,889	90%	6,352	90%	676	12%	462	8%
21 Total Equity	654	10%	666	10%	704	10%	51	8%	38	6%
22 TOTAL LIABILITIES AND EQUITY	6,330	100%	6,556	100%	7,056	100%	726	11%	500	8%
23 Average assets	6,310		6,312		6,746					
24 Average equity	648		647		678					
25 NPL ratio	1.3%		0.9%		1.2%					
26 Coverage ratio ⁽¹⁾	472%		615%		450%					
27 CASA Ratio	38.6%		38.5%		34.3%					

(1) Coverage ratio includes total provisions and collaterals.

► Total Credit Provisions exceed IFRS 9 accounting requirements by KD 109 million

Total Provisions on Credit Facilities

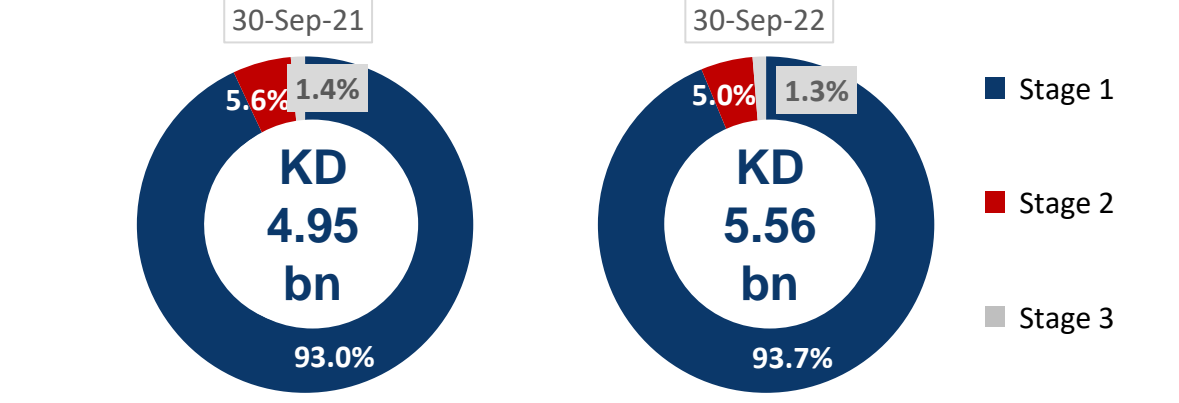


Excess / Total Provision

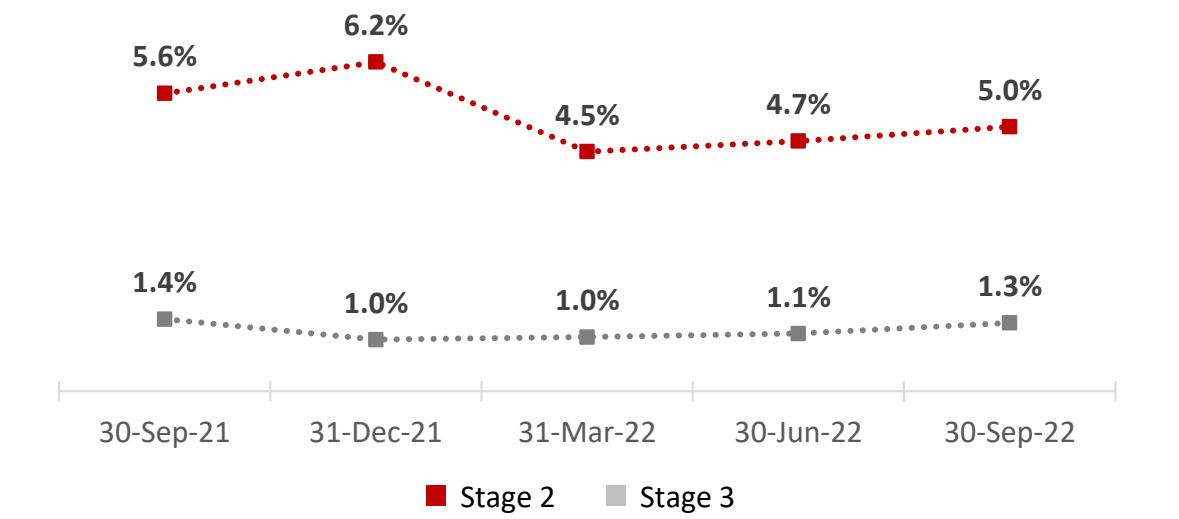
38%

35%

Gross Loans by Stages %⁽¹⁾



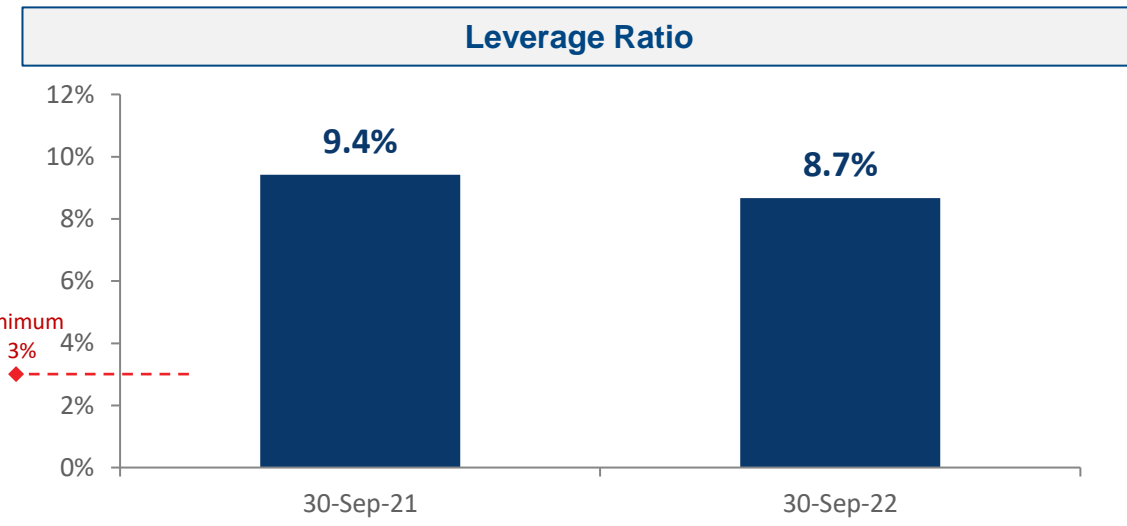
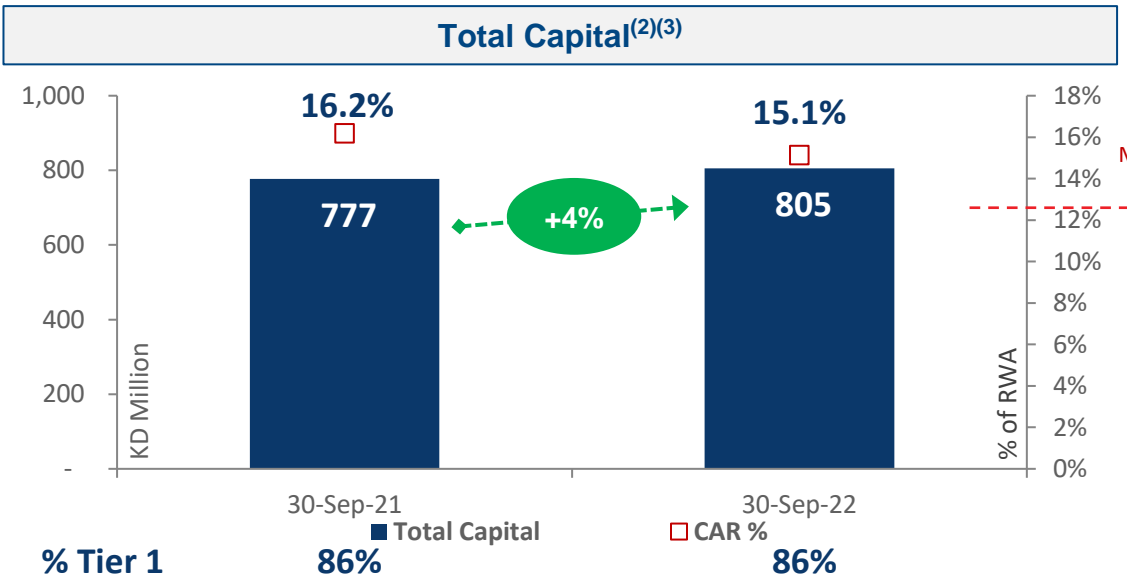
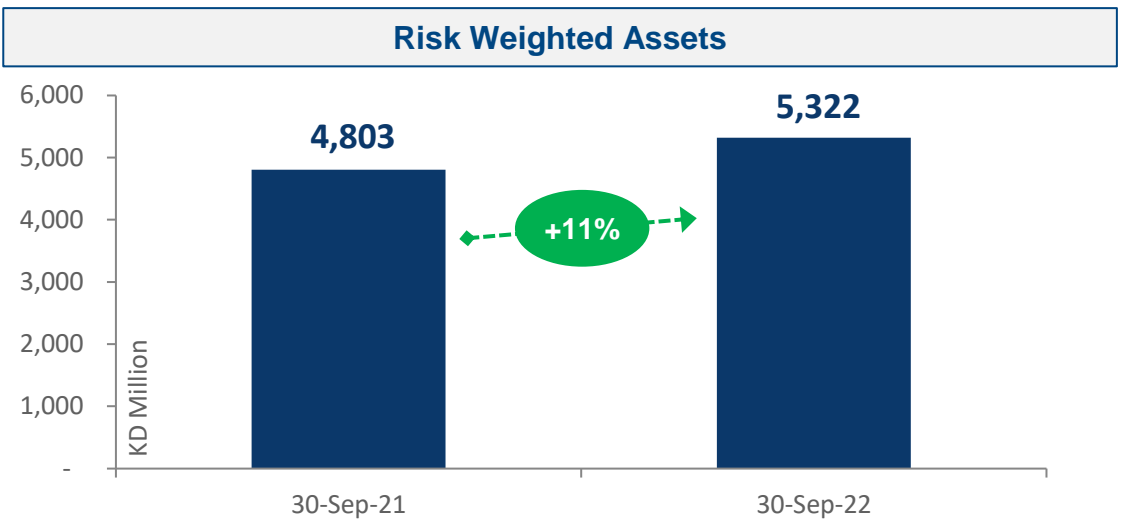
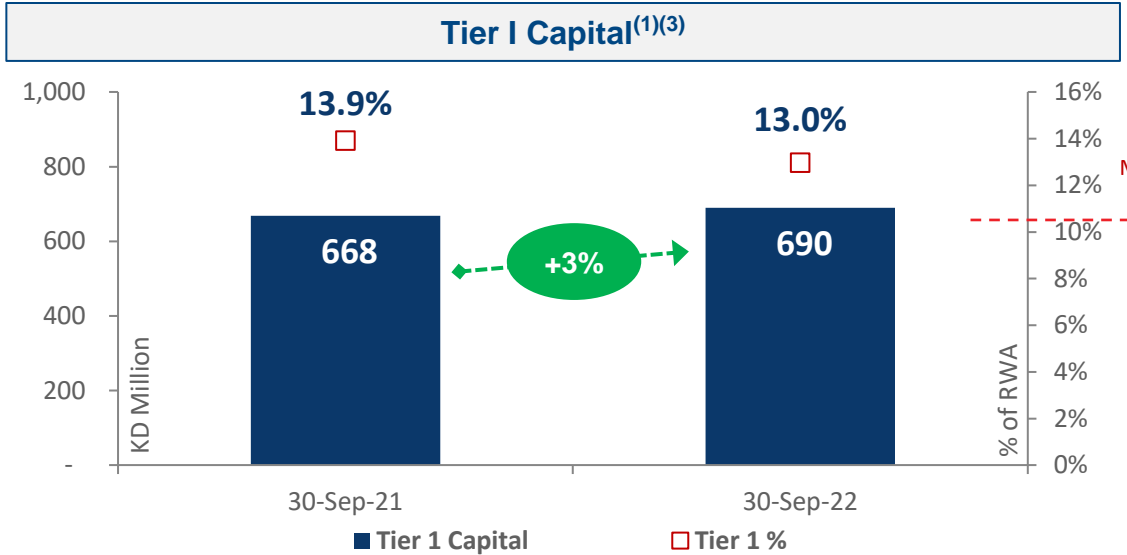
Evolution of Gross Loans Stages 2 and 3 (%)⁽¹⁾



(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



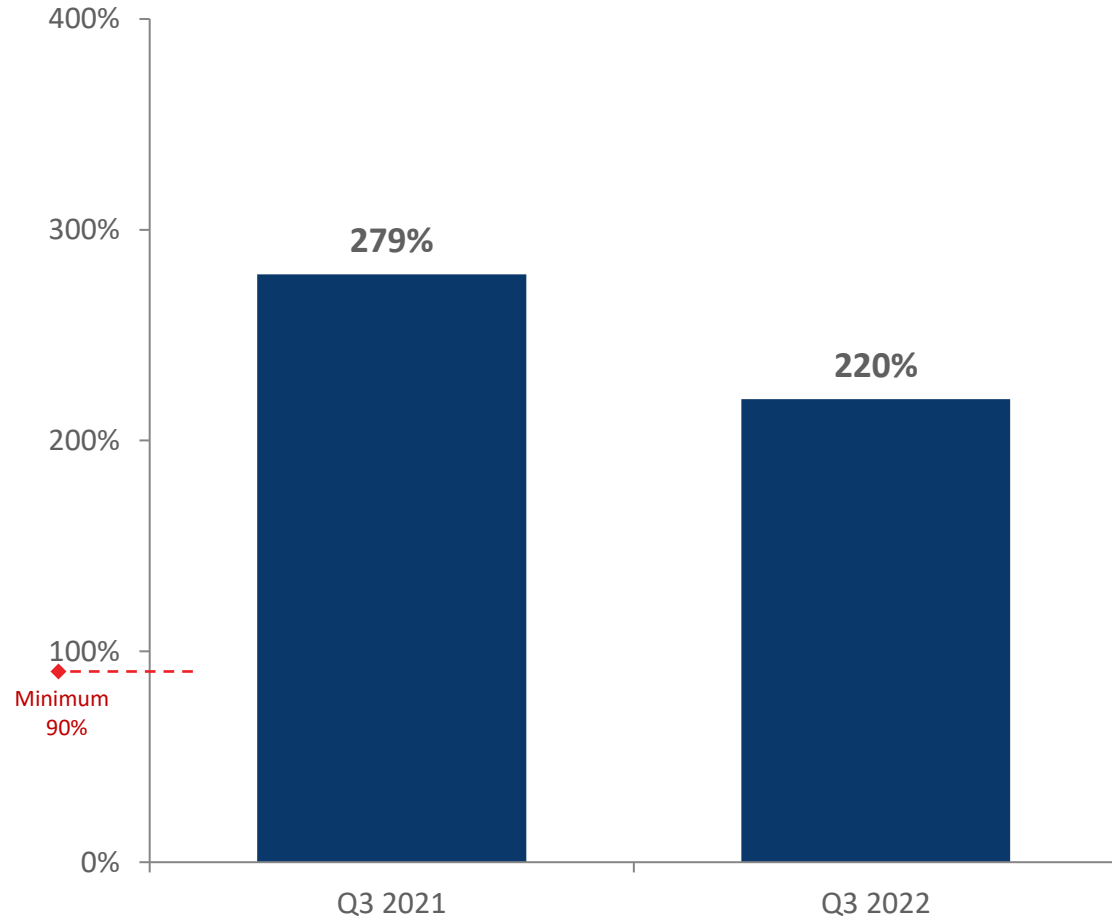
% Tier 1 **86%** **86%**

(1) Tier 1 Ratio regulatory minimum has been partially restored from 9.5% to 10.5%; (2) CAR regulatory minimum has been partially restored from 11.5% to 12.5%; (3) Tier 1 regulatory minimums include 1% DSIB. Note: The partial restoration in the regulatory minimums were instructed by CBK in October 2021 and to be effective from 1 January 2022 until 31 December 2022, before reverting to the old minimums of 12% for Tier 1 and 14% for CAR in 2023.

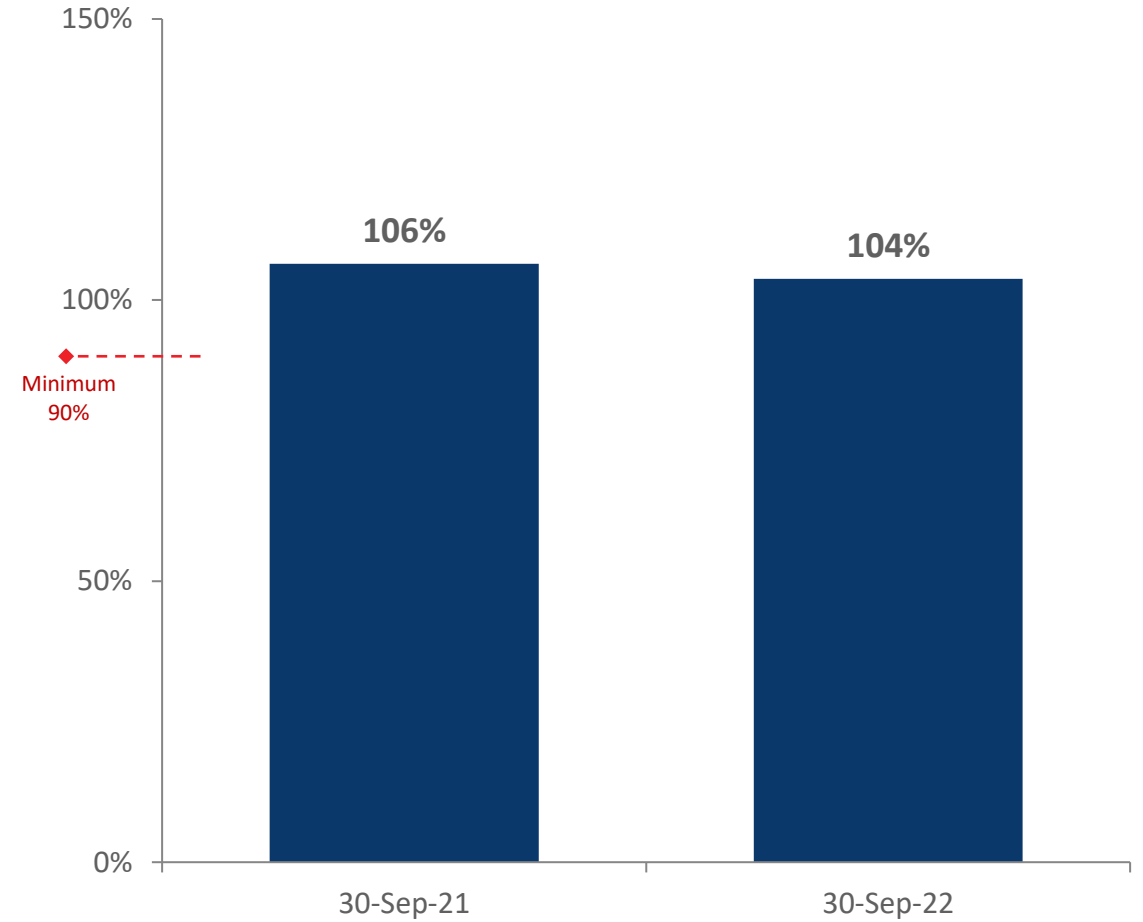


► Liquidity Ratios

Liquidity Coverage Ratio⁽¹⁾



Net Stable Funding Ratio⁽¹⁾



(1) Liquidity Coverage Ratio and Net Stable Funding Ratio regulatory minimums have been partially restored from 80% to 90%, before reverting to the old minimum of 100% in 2023.

Note: The partial restoration in the regulatory minimums were instructed by CBK in October 2021 and to be effective from 1 January 2022 until 31 December 2022.

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