

GULF BANK GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)**

31 MARCH 2024





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working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF GULF BANK K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Gulf Bank K.S.C.P. (the "Bank") and its subsidiary (collectively the "Group") as at 31 March 2024, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity for the three months period then ended. The management of the Bank is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Bank. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of 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, during the three months period ended 31 March 2024 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 review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business, and its related regulations, during the three months period ended 31 March 2024 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 & PARTNERS

ALI B. AL-WAZZAN
LICENCE NO. 246 A
DELOITTE & TOUCHE
AL-WAZZAN & CO.

30 April 2024
Kuwait



GULF BANK GROUP
Interim Condensed Consolidated Statement of Income
(Unaudited)

PERIOD ENDED 31 MARCH 2024

	<i>Note</i>	<i>3 months ended 31 March 2024 KD 000's</i>	<i>3 months ended 31 March 2023 KD 000's</i>
Interest income		98,618	85,575
Interest expense		60,202	50,765
Net interest income		38,416	34,810
Net fees and commissions		6,537	7,649
Net gains from dealing in foreign currencies and derivatives		2,569	2,626
Dividend income		370	211
Other income		371	1,083
Operating income		48,263	46,379
Staff expenses		13,323	13,484
Occupancy costs		697	701
Depreciation		1,791	1,744
Other expenses		5,852	5,473
Operating expenses		21,663	21,402
OPERATING PROFIT BEFORE PROVISIONS / IMPAIRMENT LOSSES		26,600	24,977
(Release) charge of provisions:			
- specific		(3,336)	14,193
- general		1,756	(277)
Loan recoveries, net of write-off		14,686	(7,037)
Net provision on other financial assets		(17)	(50)
OPERATING PROFIT		13,511	18,148
Directors' remuneration		30	30
Contribution to Kuwait Foundation for the Advancement of Sciences		136	182
National Labour Support Tax		335	450
Zakat		136	182
PROFIT FOR THE PERIOD		12,874	17,304
BASIC AND DILUTED EARNINGS PER SHARE (Fils)	3	3	5

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Comprehensive Income
(Unaudited)

PERIOD ENDED 31 MARCH 2024

	<i>3 months ended</i> <i>31 March</i> <i>2024</i> <i>KD 000's</i>	<i>3 months ended</i> <i>31 March</i> <i>2023</i> <i>KD 000's</i>
Profit for the period	12,874	17,304
Other comprehensive income		
<i>Items that will not to be reclassified subsequently to interim condensed consolidated statement of income:</i>		
Net changes in fair value of investment securities-equity	1,316	(487)
Other comprehensive income (loss) for the period	1,316	(487)
Total comprehensive income for the period	14,190	16,817

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Financial Position

	(Unaudited) 31 March 2024 KD 000's	(Audited) 31 December 2023 KD 000's	(Unaudited) 31 March 2023 KD 000's
ASSETS			
Cash and cash equivalents	1,033,679	1,093,757	1,047,293
Kuwait Government treasury bonds	16,500	16,500	22,000
Central Bank of Kuwait bonds	339,166	337,715	342,885
Deposits with banks and other financial institutions	157,088	180,981	56,160
Loans and advances	4 5,384,433	5,196,622	5,108,947
Investment securities	172,079	191,420	92,212
Other assets	5 127,660	118,154	112,250
Premises and equipment	39,786	39,483	38,985
TOTAL ASSETS	7,270,391	7,174,632	6,820,732
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	243,246	256,354	322,078
Deposits from financial institutions	1,025,718	1,148,583	907,535
Customer deposits	4,414,467	4,219,259	4,190,604
Other borrowed funds	6 614,598	570,062	539,322
Other liabilities	184,829	163,574	156,358
TOTAL LIABILITIES	6,482,858	6,357,832	6,115,897
EQUITY			
Share capital	7 362,143	362,143	320,053
Proposed bonus shares	8 18,107	18,107	16,003
Statutory reserve	60,538	60,538	53,052
Share premium	186,937	186,937	153,024
Property revaluation reserve	17,974	17,974	18,154
Fair valuation reserve	600	(716)	1,062
Retained earnings	141,234	171,817	143,487
TOTAL EQUITY	787,533	816,800	704,835
TOTAL LIABILITIES AND EQUITY	7,270,391	7,174,632	6,820,732

بدر ناصر

Bader Nasser Al Kharafi
(Chairman)

Waleed Mandani
(Acting Chief Executive Officer)

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Cash Flows
(Unaudited)
PERIOD ENDED 31 MARCH 2024

	<i>Note</i>	3 months ended 31 March 2024 KD 000's	3 months ended 31 March 2023 KD 000's
OPERATING ACTIVITIES			
Profit for the period		12,874	17,304
Adjustments:			
Dividend income		(370)	(211)
Depreciation		1,791	1,744
Loan loss provisions		(1,580)	13,916
Net provision on other financial assets		(17)	(50)
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		12,698	32,703
<i>(Increase)/decrease in operating assets:</i>			
Central Bank of Kuwait bonds		(1,451)	(5,182)
Deposits with banks and other financial institutions		23,894	75,098
Loans and advances		(186,404)	5,315
Other assets		(10,899)	21,802
<i>(Decrease)/increase in operating liabilities:</i>			
Due to banks		(13,108)	(167,573)
Deposits from financial institutions		(122,865)	132,924
Customer deposits		195,208	(56,233)
Other liabilities		(22,029)	(1,577)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(124,956)	37,277
INVESTING ACTIVITIES			
Purchase of investment securities		(45,599)	-
Proceeds from sale/maturity of investment securities		68,035	36,801
Purchase of premises and equipment		(2,094)	(2,069)
NET CASH FLOWS FROM INVESTING ACTIVITIES		20,342	34,732
FINANCING ACTIVITIES			
Net proceeds from other borrowed funds	6	44,536	45,396
NET CASH FLOWS FROM FINANCING ACTIVITIES		44,536	45,396
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(60,078)	117,405
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,093,757	929,888
CASH AND CASH EQUIVALENTS AT 31 MARCH		1,033,679	1,047,293
Additional cash flows information			
Interest received		93,905	82,415
Interest paid		67,306	42,580

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.



GULF BANK GROUP
Interim Condensed Consolidated Statement of Changes in Equity
(Unaudited)

PERIOD ENDED 31 MARCH 2024

	RESERVES							Subtotal reserves KD 000's	Total KD 000's
	Share capital KD 000's	Proposed bonus shares KD 000's	Statutory reserve KD 000's	Share premium KD 000's	Property revaluation reserve KD 000's	Fair valuation reserve KD 000's	Retained earnings KD 000's		
At 1 January 2023	320,053	16,003	53,052	153,024	18,154	1,549	158,188	383,967	720,023
Profit for the period	-	-	-	-	-	-	17,304	17,304	17,304
Other comprehensive loss for the period	-	-	-	-	-	(487)	-	(487)	(487)
Total comprehensive (loss) income for the period	-	-	-	-	-	(487)	17,304	16,817	16,817
Dividend (Note 8)	-	-	-	-	-	-	(32,005)	(32,005)	(32,005)
At 31 March 2023	320,053	16,003	53,052	153,024	18,154	1,062	143,487	368,779	704,835
At 1 January 2024	362,143	18,107	60,538	186,937	17,974	(716)	171,817	436,550	816,800
Profit for the period	-	-	-	-	-	-	12,874	12,874	12,874
Other comprehensive income for the period	-	-	-	-	-	1,316	-	1,316	1,316
Total comprehensive income for the period	-	-	-	-	-	1,316	12,874	14,190	14,190
Dividend (Note 8)	-	-	-	-	-	-	(43,457)	(43,457)	(43,457)
At 31 March 2024	362,143	18,107	60,538	186,937	17,974	600	141,234	407,283	787,533

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

GULF BANK GROUP
Notes to the Interim Consolidated Condensed Financial Information
(Unaudited)
31 March 2024

1. INCORPORATION AND REGISTRATION

Gulf Bank K.S.C.P. (the "Bank") is a public shareholding company incorporated in Kuwait on 29 October 1960 and is registered as a bank with the Central Bank of Kuwait. The Bank's shares are listed on Boursa Kuwait. Its registered office is at Mubarak Al Kabir Street, P.O. Box 3200, 13032 Safat, Kuwait City.

During the year 2023, a 100% owned subsidiary, Gulf Capital Investment Company KSCC was incorporated with an authorized, issued and fully paid up capital of **KD 10,000 thousand** for engaging in securities activities. Approval from the Capital Markets Authority ("CMA") has been obtained and the subsidiary is in progress to fulfill other regulatory requirements.

The Bank and its subsidiary are together referred to as (the "Group") in this interim condensed consolidated financial information.

The interim condensed consolidated financial information of the Group for the three months period ended 31 March 2024 was authorised by the Board of Directors for issue on 8 April 2024.

The principal activities of the Group are described in Note 9.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" except as noted below:

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait (CBK) in the State of Kuwait. These regulations, require banks and other financial institutions regulated by CBK to adopt the International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) with the following amendment:

- Expected credit loss ("ECL") on credit facilities to be measured at the higher of ECL computed under IFRS 9 in accordance to the CBK guidelines or the provisions as required by CBK instructions along with its consequent impact on related disclosures.

The above framework is hereinafter referred to as "IFRS as adopted by CBK for use by the State of Kuwait".

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. Further, operating results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

This interim condensed consolidated financial information has been presented in Kuwaiti Dinars ("KD") which is the Group's functional currency, rounded off to the nearest thousand (KD 000's), except when otherwise indicated.

2.2 New standards, interpretations and amendments and accounting policies adopted by the Group

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023.

Amendments to IFRSs which are effective for annual accounting period starting from 1 January 2024 did not have any material impact on the accounting policies, financial position or performance of the Group.



GULF BANK GROUP
Notes to the Interim Consolidated Condensed Financial Information
(Unaudited)
31 March 2024

3. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are based on the weighted average number of shares outstanding during the period, which is as follows:

	<i>3 months ended 31 March 2024 KD 000's</i>	<i>3 months ended 31 March 2023 KD 000's</i>
Profit for the period	12,874	17,304
	<u>Shares</u>	<u>Shares</u>
Weighted average number of shares outstanding during the period	3,802,502,099	3,553,679,425
Basic and diluted earnings per share (Fils)	3	5

Earnings per share calculations for the period ended 31 March 2024 and 31 March 2023 have been adjusted to the account of bonus shares, which will be issued on 14 April 2024 (Note 8). Earnings per share calculations for the period ended 31 March 2023 have been adjusted to the account of the right shares issued during the year 2023.

4. LOANS AND ADVANCES

	<i>(Unaudited) 31 March 2024 KD 000's</i>	<i>(Audited) 31 December 2023 KD 000's</i>	<i>(Unaudited) 31 March 2023 KD 000's</i>
Gross loans and advances	5,666,922	5,490,429	5,393,547
Less: Provision for impairment	(282,489)	(293,807)	(284,600)
Loans and advances	5,384,433	5,196,622	5,108,947

Provision for non-cash facilities of **KD 17,908 thousand** (31 December 2023: KD 18,081 thousand and 31 March 2023: KD 18,878 thousand) is included under other liabilities.



GULF BANK GROUP
Notes to the Interim Consolidated Condensed Financial Information
(Unaudited)

31 March 2024

4. LOANS AND ADVANCES (continued)

Comparison between total provisions and IFRS 9 ECL on credit facilities:

	<i>(Unaudited)</i> 31 March 2024 KD 000's	<i>(Audited)</i> 31 December 2023 KD 000's	<i>(Unaudited)</i> 31 March 2023 KD 000's
Provision on cash facilities	282,489	293,807	284,600
Provision on non-cash facilities	17,908	18,081	18,878
Total provisions on credit facilities	300,397	311,888	303,478
IFRS 9 ECL on credit facilities	170,190	186,682	164,238
Excess of total provisions over IFRS 9 ECL on credit facilities	130,207	125,206	139,240
Excess provisions as a percentage of total provisions	43%	40%	46%

An analysis of the carrying amounts of Credit Facilities, and the corresponding ECL based on the staging criteria under IFRS 9 in accordance to the CBK guidelines is as follows:

At 31 March 2024:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	5,402,608	194,222	70,092	5,666,922
Contingent liabilities and commitments (Note 11)	2,767,124	123,841	19,324	2,910,289
IFRS 9 ECL on credit facilities	35,227	57,825	77,138	170,190

At 31 December 2023:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	5,167,737	254,783	67,909	5,490,429
Contingent liabilities and commitments (Note 11)	2,780,033	135,382	19,526	2,934,941
IFRS 9 ECL on credit facilities	36,635	75,216	74,831	186,682

At 31 March 2023:

	<i>Stage 1</i> KD 000's	<i>Stage 2</i> KD 000's	<i>Stage 3</i> KD 000's	<i>Total</i> KD 000's
Loans and advances	5,093,476	256,548	43,523	5,393,547
Contingent liabilities and commitments (Note 11)	2,348,347	206,731	19,234	2,574,312
IFRS 9 ECL on credit facilities	36,197	75,123	52,918	164,238



GULF BANK GROUP
Notes to the Interim Consolidated Condensed Financial Information
(Unaudited)
31 March 2024

4. LOANS AND ADVANCES (continued)

An analysis of the movement in the ECL in relation to credit facilities (cash and non-cash facilities) computed under IFRS 9 in accordance with the CBK guidelines:

At 31 March 2024:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL balance as at 1 January 2024	36,635	75,216	74,831	186,682
Impact due to transfer between stages	4,396	(277)	(4,119)	-
ECL (release) charge for the period	(5,804)	(17,114)	16,337	(6,581)
ECL release on written off facilities	-	-	(9,911)	(9,911)
	<u>35,227</u>	<u>57,825</u>	<u>77,138</u>	<u>170,190</u>

At 31 March 2023:

	<i>Stage 1</i> <i>KD 000's</i>	<i>Stage 2</i> <i>KD 000's</i>	<i>Stage 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
ECL balance as at 1 January 2023	38,179	78,970	72,599	189,748
Impact due to transfer between stages	4,469	2,426	(6,895)	-
ECL (release) charge for the period	(6,451)	(6,273)	11,073	(1,651)
ECL release on written off facilities	-	-	(23,859)	(23,859)
	<u>36,197</u>	<u>75,123</u>	<u>52,918</u>	<u>164,238</u>

5. OTHER ASSETS

	<i>(Unaudited)</i> <i>31 March</i> <i>2024</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>31 March</i> <i>2023</i> <i>KD 000's</i>
Accrued interest receivable	37,735	33,022	29,149
Sundry debtors and others	21,261	16,468	14,437
Repossessed collaterals	68,664	68,664	68,664
	<u>127,660</u>	<u>118,154</u>	<u>112,250</u>

The fair value of the real estate properties was determined by approved valuers based on the market comparable approach (Level 3); and not materially different from their carrying values.



GULF BANK GROUP
Notes to the Interim Consolidated Condensed Financial Information
(Unaudited)
31 March 2024

6. OTHER BORROWED FUNDS

	<i>Effective interest rate</i>	<i>(Unaudited) 31 March 2024 KD 000's</i>	<i>(Audited) 31 December 2023 KD 000's</i>	<i>(Unaudited) 31 March 2023 KD 000's</i>
Subordinated Tier 2 bonds- KWD 2031 (Fixed tranche)	4.00%	25,000	25,000	25,000
Subordinated Tier 2 bonds- KWD 2031 (Floating tranche capped at 5%)	CBK+2.25%	25,000	25,000	25,000
Medium term borrowings-Floating	5.20% to 6.67%	564,598	520,062	489,322
		<u>614,598</u>	<u>570,062</u>	<u>539,322</u>

7. SHARE CAPITAL

	<i>(Unaudited) 31 March 2024 KD 000's</i>	<i>(Audited) 31 December 2023 KD 000's</i>	<i>(Unaudited) 31 March 2023 KD 000's</i>
Issued and fully paid 3,621,430,571 (31 December 2023: 3,621,430,571 and 31 March 2023: 3,200,534,292) shares of 100 fils each	<u>362,143</u>	<u>362,143</u>	<u>320,053</u>

The authorised share capital of the Bank comprises **4,860,561,006 shares** (31 December 2023: 4,860,561,006 shares and 31 March 2023: 3,200,534,292 shares) of 100 fils each. The Extraordinary General Assembly meeting of the Bank's shareholders held on 13 May 2023 approved to increase the Bank's authorised share capital from KD 336,056 thousand to KD 486,056 thousand and authorised the Board of Directors to decide on the amount and methods of issued share capital increase.

8. DIVIDEND

The shareholders at the Annual General Meeting (AGM) held on 23 March 2024 approved a cash dividend of **12 fils** per share (2022: 10 fils per share) and bonus shares of 5% amounting to **KD 18,107 thousand** (2022: KD 16,003 thousand) for the year ended 31 December 2023. The cash dividend amounting to **KD 43,457 thousand** was recorded in other liabilities and will be paid subsequently. The bonus shares would be distributed on 14 April 2024.



GULF BANK GROUP
Notes to the Interim Consolidated Condensed Financial Information
(Unaudited)

31 March 2024

9. SEGMENTAL ANALYSIS

By Business Unit

Commercial Banking Acceptance of deposits from individuals, corporate and institutional customers and providing consumer loans, overdrafts, credit card facilities and funds transfer facilities to individuals; and other credit facilities to corporate and institutional customers and banks.

Treasury & Investments Providing money market, trading and treasury services, as well as the management of the Group's funding operations by use of Kuwait Government treasury bonds, government securities, placements and acceptances with other banks. The proprietary investments of the Bank are managed by the Investments unit.

Segmental information for the three months period ended 31 March is as follows:

	Commercial Banking		Treasury & Investments		Total	
	2024 KD 000's	2023 KD 000's	2024 KD 000's	2023 KD 000's	2024 KD 000's	2023 KD 000's
Operating income (excluding unallocated income provided below)	34,020	36,234	2,396	(634)	36,416	35,600
Segment result	12,384	20,771	1,734	(1,066)	14,118	19,705
Unallocated income					11,847	10,779
Unallocated expense					(13,091)	(13,180)
Profit for the period					12,874	17,304
Segment assets	5,528,114	5,228,267	1,643,493	1,509,893	7,171,607	6,738,160
Unallocated assets					98,784	82,572
Total Assets					7,270,391	6,820,732
Segment liabilities	3,017,812	3,221,054	3,265,103	2,685,560	6,282,915	5,906,614
Unallocated liabilities and equity					987,476	914,118
Total Liabilities and Equity					7,270,391	6,820,732



GULF BANK GROUP
Notes to the Interim Condensed Consolidated Financial Information
(Unaudited)

31 March 2024

10. RELATED PARTY TRANSACTIONS

Certain related parties (major shareholder, Board members and executive management of the Group, their families and companies of which they are principal owners) were customers of the Group in the ordinary course of business. The terms of these transactions were approved as per the Group's policies.

The transaction and balances included in the interim condensed consolidated statement of income and interim condensed consolidated financial information are as follows:

	<i>Number of Board Members or executive management (Audited)</i>		<i>Number of related parties (Audited)</i>		<i>(Audited)</i>		<i>KD 000's</i>	<i>KD 000's</i>
	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2024</i>	<i>31 December 2023</i>	<i>31 March 2024</i>	<i>31 December 2023</i>		
Board members:								
Balances								
Loans and advances	1	1	20	19	9	195,690	170,747	
Credit cards	1	3	7	6	6	8	20	
Deposits	8	8	96	93	74	863,223	73,008	
Commitments/derivatives								
Guarantees /letter of credit	-	-	23	24	13	68,824	36,569	
Forward foreign exchange contracts	-	-	-	-	1	-	41	
Transactions								
Interest income	1	1	23	29	10	8,914	2,090	
Interest expense	5	4	19	21	13	13,589	168	
Net fees and commissions	-	-	24	24	10	267	32	
Other expenses	-	-	8	10	9	1,719	376	
Purchase of equipment	-	-	1	2	-	317	-	
Executive management:								
Balances								
Loans and advances	8	7	-	-	-	883	918	
Credit cards	9	11	-	-	-	19	21	
Deposits	15	14	-	-	-	2,612	4,311	
Transactions								
Interest income	8	9	-	-	-	48	12	
Interest expense	15	19	-	-	-	138	54	

GULF BANK GROUP

Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

31 March 2024

10. RELATED PARTY TRANSACTIONS (continued)

The loans issued to Board members and executive management are repayable within CBK regulatory limits and have interest rates of **5% to 6.75%** (2023: 5% to 6.25%) per annum. Some of the loans advanced to Board members and their related parties are collateralised. The fair value of these collaterals as of 31 March 2024 was **KD 71,060 thousand** (31 December 2023: KD 71,076 thousand and 31 March 2023: KD 66,295 thousand).

Compensation for key management, including executive management, comprises the following:

	<i>3 months ended</i> <i>31 March 2024</i> <i>KD 000's</i>	<i>3 months ended</i> <i>31 March 2023</i> <i>KD 000's</i>
Salaries and other short-term benefits	1,688	1,273
End of service/termination benefits	111	300
	<u>1,799</u>	<u>1,573</u>

11. CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Unaudited)</i> <i>31 March</i> <i>2024</i> <i>KD 000's</i>	<i>(Audited)</i> <i>31 December</i> <i>2023</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>31 March</i> <i>2023</i> <i>KD 000's</i>
Guarantees	1,220,186	1,192,776	1,092,588
Letters of credit and acceptances	390,924	392,462	371,851
Undrawn irrevocable commitments	141,070	154,978	26,144
Undrawn revocable commitments	1,158,109	1,194,725	1,083,729
	<u>2,910,289</u>	<u>2,934,941</u>	<u>2,574,312</u>

The contractual terms entitle the Group to withdraw undrawn revocable facilities at any time.

12. DERIVATIVES

In the ordinary course of business the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price of one or more underlying financial instruments, reference rate or index.

The table below shows the positive and negative fair value of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured.

The notional amounts indicate the volume of transactions outstanding at the period end and are not indicative of either market or credit risk. All derivative contracts are fair valued based on observable market data.

At 31 March 2024:	Positive fair value KD 000's	Negative fair value KD 000's	Notional amount total KD 000's	Notional amounts by term to maturity	
				Within 3 months KD 000's	3-12 months KD 000's
Derivatives instruments held as:					
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	4	(41)	203,024	203,024	-



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12. DERIVATIVES (continued)

At 31 December 2023:	<i>Notional amounts by term to maturity</i>				
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Within 3 months KD 000's</i>	<i>3-12 months KD 000's</i>
Derivatives instruments held as:					
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	<u>3</u>	<u>(1)</u>	<u>34,480</u>	<u>34,200</u>	<u>280</u>
At 31 March 2023:	<i>Notional amounts by term to maturity</i>				
	<i>Positive fair value KD 000's</i>	<i>Negative fair value KD 000's</i>	<i>Notional amount total KD 000's</i>	<i>Within 3 months KD 000's</i>	<i>3-12 months KD 000's</i>
Derivatives instruments held as:					
Trading (and non qualifying hedges)					
Forward foreign exchange contracts	<u>393</u>	<u>(1)</u>	<u>65,586</u>	<u>65,464</u>	<u>122</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amounts approximate to their fair value and this applies to demand deposits, savings accounts without a specific maturity and variable rate financial instruments.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

At 31 March 2024:

	<i>Level 1 KD 000's</i>	<i>Level 2 KD 000's</i>	<i>Level 3 KD 000's</i>	<i>Total KD 000's</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	<u>12,344</u>	<u>117</u>	<u>21,294</u>	<u>33,755</u>

The amortized cost and fair value of investment securities at amortised cost as at 31 March 2024 were **KD 138,324 thousand** (31 December 2023: KD 158,994 thousand; 31 March 2023: KD 59,146 thousand) and **KD 138,264 thousand** (Level 1) (31 December 2023: KD 158,831 thousand; 31 March 2023: KD 58,705 thousand) respectively.



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13. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

At 31 December 2023:

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	11,014	118	21,294	32,426
	11,014	118	21,294	32,426

At 31 March 2023:

	<i>Level 1</i> <i>KD 000's</i>	<i>Level 2</i> <i>KD 000's</i>	<i>Level 3</i> <i>KD 000's</i>	<i>Total</i> <i>KD 000's</i>
<i>Financial assets at FVOCI:</i>				
Equity securities	9,794	832	22,237	32,863
Debt securities	-	203	-	203
	9,794	1,035	22,237	33,066

The following table analyses the movement in level 3 of financial assets:

	At 1 January KD 000's	Change in fair value KD 000's	Additions KD 000's	Exchange rate movements KD 000's	At 31 March KD 000's
<i>Financial assets at FVOCI:</i>					
Equity securities					
2024	21,294	-	-	-	21,294
2023	22,232	-	-	5	22,237

The fair value of the above investment securities classified under Level 1, Level 2 and Level 3 is categorised as per the policy on fair value measurement in note to the annual consolidated financial statements. During the period, there were no transfers between any of the fair value hierarchy levels.

The positive and negative fair values of forward foreign exchange contracts are valued using significant inputs of observable market data (Level 2). Refer Note 12.

Other financial assets and liabilities are carried at amortized cost and the carrying values are not materially different from their fair values as most of these assets and liabilities are of short term maturities or are repriced immediately based on market movement in interest rates.

