

# Gulf Bank

## Earnings Presentation

### Year End 2022

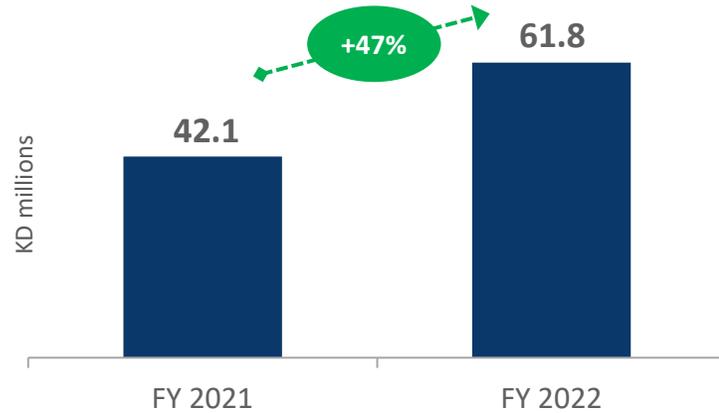
6 February 2023

[GBK Classification: PUBLIC]

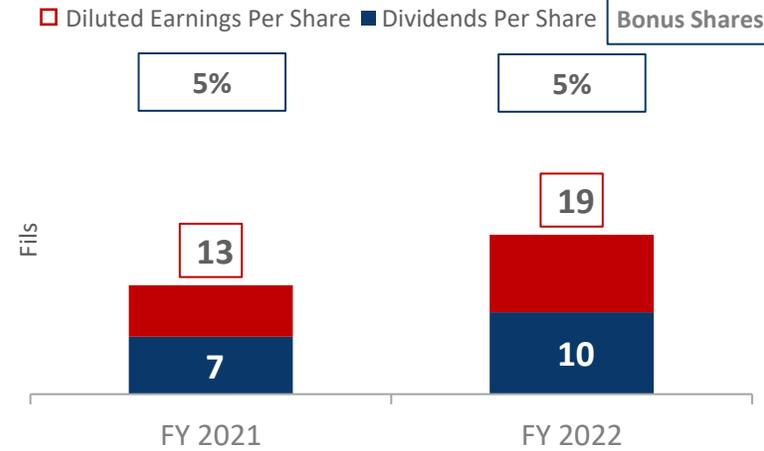


# Year-end 2022 Key Highlights

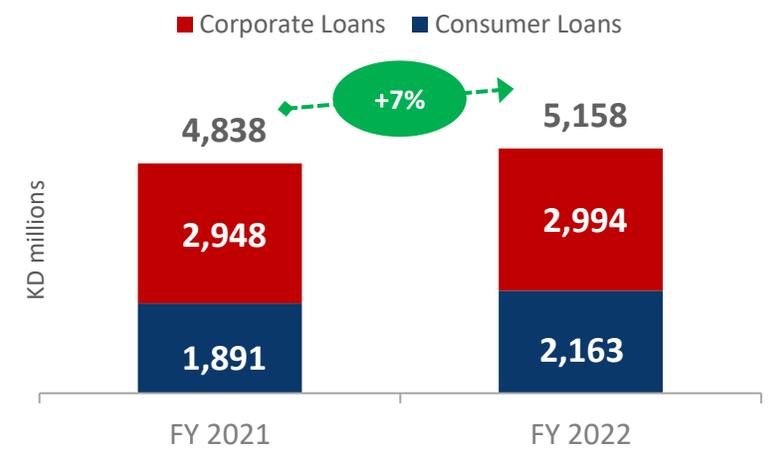
## 1 Net Profit



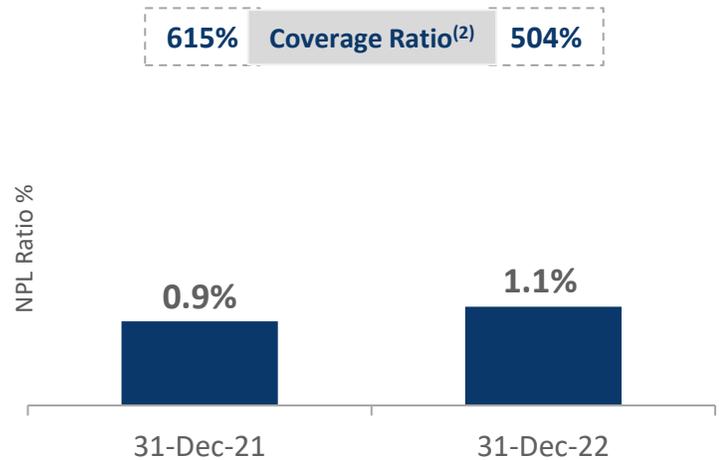
## 2 Earnings and Dividends Per Share<sup>(1)</sup>



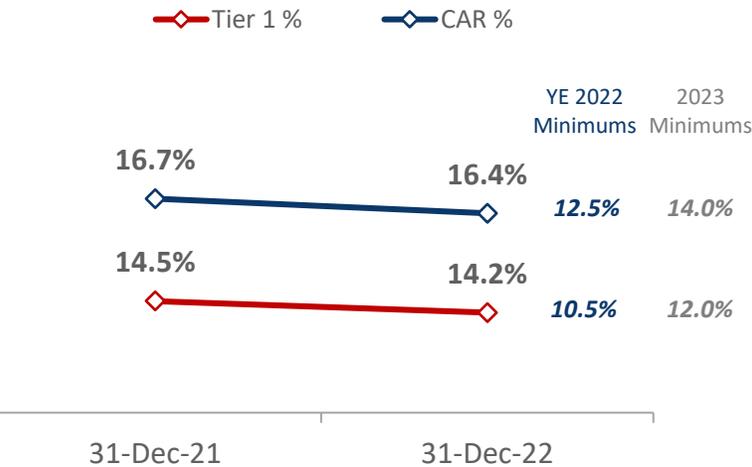
## 3 Gross Customer Loans



## 4 Asset Quality



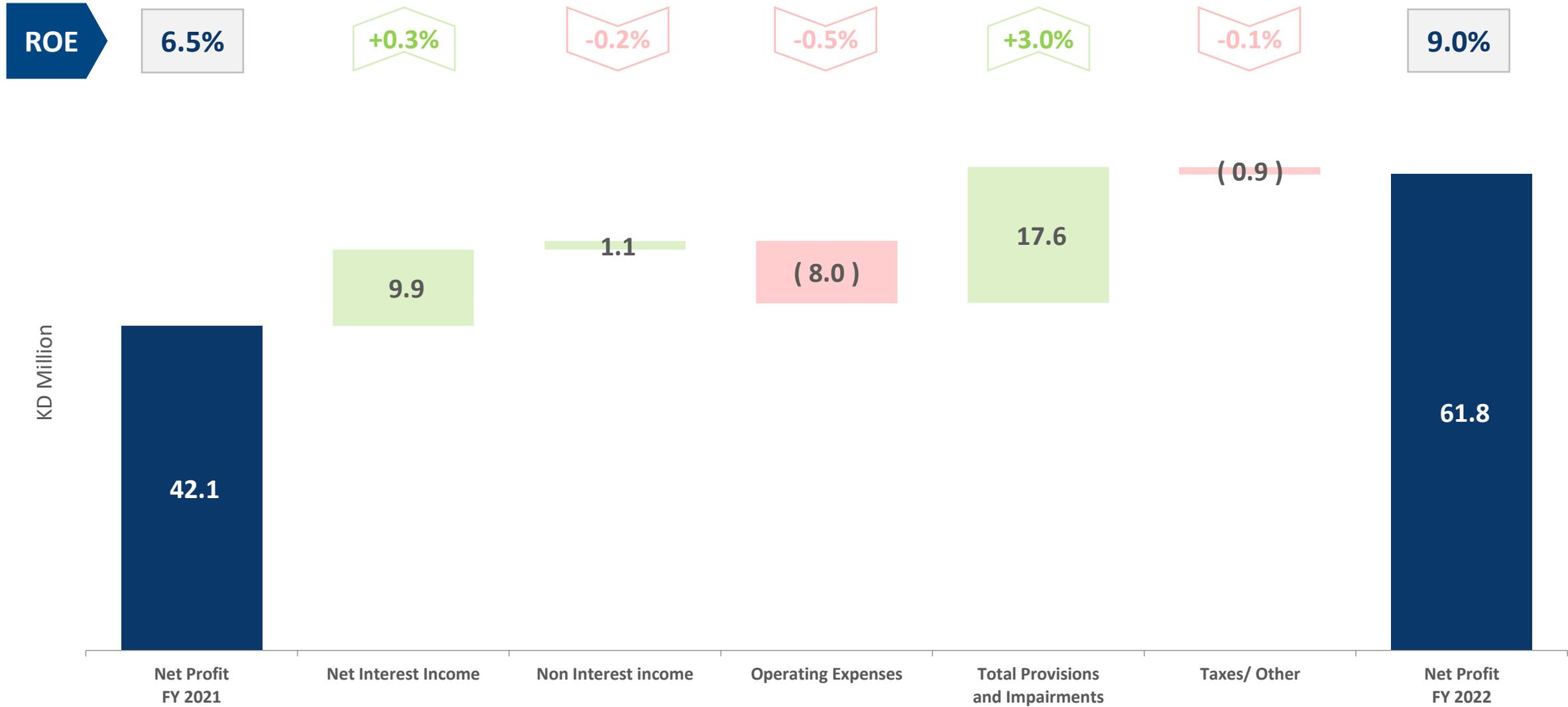
## 5 Capital Ratios



## 6 Credit Ratings

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

# Year-end 2022 Net Profit vs. Year-end 2021 Net Profit Evolution



# Income Statement

KD Millions	Q1 2022A	Q2 2022A	Q3 2022A	Q4 2022A	Q4 22A vs Q3 22A		FY 2021A	FY 2022A	FY 22A vs FY 21A	
					Amt	%			Amt	%
1 Interest Income	46.7	52.5	67.0	78.3	11.3	17%	186.0	244.5	58.5	31%
2 Interest Expense	(14.4)	(19.1)	(29.6)	(39.2)	(9.6)	-32%	(53.7)	(102.3)	(48.6)	-91%
3 <b>Net Interest Income</b>	<b>32.2</b>	<b>33.5</b>	<b>37.4</b>	<b>39.1</b>	<b>1.7</b>	<b>4%</b>	<b>132.3</b>	<b>142.2</b>	<b>9.9</b>	<b>7%</b>
4 Fees/ FX Income	9.1	10.0	9.0	8.8	(0.2)	-2%	36.5	36.8	0.3	1%
5 Other Income	0.2	0.4	0.6	0.9	0.3	44%	1.3	2.1	0.8	65%
6 <b>Operating Income</b>	<b>41.5</b>	<b>43.8</b>	<b>47.0</b>	<b>48.7</b>	<b>1.8</b>	<b>4%</b>	<b>170.1</b>	<b>181.1</b>	<b>11.0</b>	<b>6%</b>
7 Operating Expenses	(19.8)	(21.5)	(21.6)	(23.3)	(1.7)	-8%	(78.2)	(86.2)	(8.0)	-10%
8 <b>Operating Margin</b>	<b>21.7</b>	<b>22.3</b>	<b>25.3</b>	<b>25.4</b>	<b>0.1</b>	<b>0%</b>	<b>91.9</b>	<b>94.9</b>	<b>3.0</b>	<b>3%</b>
9 Credit Costs <sup>(1)</sup>	(5.1)	(2.9)	(8.0)	(8.8)	(0.8)	-10%	(43.9)	(24.9)	19.0	43%
10 General Provisions	(0.9)	(3.4)	(1.1)	0.4	1.5	138%	(3.6)	(4.9)	(1.3)	-37%
11 Other Provisions/Impairments	0.0	(0.1)	(0.0)	(0.0)	(0.0)	-143%	(0.1)	(0.1)	0.0	19%
12 Taxes/ Other	(0.7)	(0.7)	(0.7)	(0.9)	(0.1)	-19%	(2.2)	(3.1)	(0.9)	-43%
13 <b>Net Profit</b>	<b>15.0</b>	<b>15.2</b>	<b>15.4</b>	<b>16.1</b>	<b>0.7</b>	<b>4%</b>	<b>42.1</b>	<b>61.8</b>	<b>19.7</b>	<b>47%</b>
14 Return on Assets (ROA) %	0.9%	0.9%	0.9%	0.9%			0.7%	0.9%		
15 Return on Equity (ROE) %	9.2%	9.1%	8.9%	9.0%			6.5%	9.0%		
16 Cost to Income Ratio (CIR) %	47.7%	49.0%	46.0%	47.8%			46.0%	47.6%		
17 Net Interest Margin (NIM) bps <sup>(2)</sup>	200	201	213	223			210	210		
18 Cost of Risk (COR) bps <sup>(3)</sup>	43	24	61	67			95	49		

4 (1) Includes specific provisions, recoveries, and write-offs (2) Net Interest Income / Average assets;  
(3) Credit Costs / Average gross customer loans.

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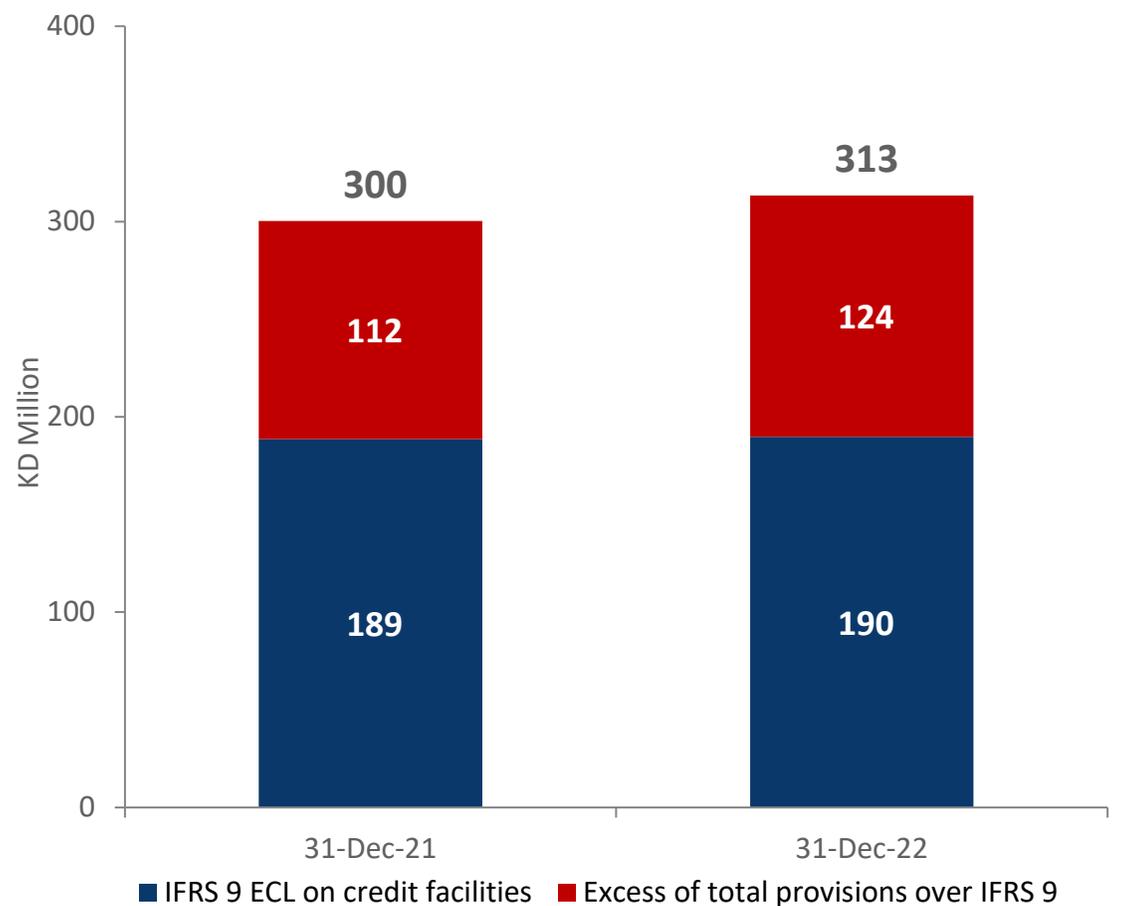
# Balance Sheet

KD Millions	31-Dec-21	% of Total	31-Mar-22	% of Total	30-Jun-22	% of Total	30-Sep-22	% of Total	31-Dec-22	% of Total	Var Dec 22 vs Dec 21		Var Dec 22 vs Sep 22	
											Amount	%	Amount	%
<b>ASSETS</b>														
1 Cash and cash equivalents	942		1,026		1,028		1,035		930		-13	-1%	-105	-10%
2 Kuwait Government Bonds	74		48		48		22		22		-52	-70%	0	0%
3 CBK Bills	281		282		299		370		338		57	20%	-32	-9%
4 Deposits with banks and OFIs	125		0		58		77		131		7	5%	54	70%
5 <b>Liquid Assets</b>	<b>1,422</b>	<b>22%</b>	<b>1,356</b>	<b>21%</b>	<b>1,433</b>	<b>21%</b>	<b>1,504</b>	<b>21%</b>	<b>1,421</b>	<b>21%</b>	<b>-2</b>	<b>0%</b>	<b>-83</b>	<b>-6%</b>
6 Loans and advances to customers	4,838		4,837		5,164		5,262		5,158		319	7%	-104	-2%
7 Loans and advances to banks	280		292		302		300		265		-15	-5%	-35	-12%
8 Provisions	(282)		(277)		(285)		(291)		(294)		-12	4%	-3	1%
9 <b>Net Loans</b>	<b>4,837</b>	<b>74%</b>	<b>4,852</b>	<b>75%</b>	<b>5,182</b>	<b>75%</b>	<b>5,270</b>	<b>75%</b>	<b>5,129</b>	<b>75%</b>	<b>292</b>	<b>6%</b>	<b>-141</b>	<b>-3%</b>
10 <b>Investment securities</b>	<b>142</b>	<b>2%</b>	<b>129</b>	<b>2%</b>	<b>111</b>	<b>2%</b>	<b>106</b>	<b>2%</b>	<b>129</b>	<b>2%</b>	<b>-13</b>	<b>-9%</b>	<b>23</b>	<b>21%</b>
11 Other assets	121		122		116		140		134		14	11%	-6	-4%
12 Premises and equipment	34		35		36		36		39		4	12%	3	8%
13 <b>Other assets</b>	<b>155</b>	<b>2%</b>	<b>157</b>	<b>2%</b>	<b>152</b>	<b>2%</b>	<b>176</b>	<b>2%</b>	<b>173</b>	<b>3%</b>	<b>18</b>	<b>12%</b>	<b>-3</b>	<b>-2%</b>
14 <b>TOTAL ASSETS</b>	<b>6,556</b>	<b>100%</b>	<b>6,493</b>	<b>100%</b>	<b>6,878</b>	<b>100%</b>	<b>7,056</b>	<b>100%</b>	<b>6,851</b>	<b>100%</b>	<b>296</b>	<b>5%</b>	<b>-204</b>	<b>-3%</b>
<b>LIABILITIES</b>														
15 Due to banks	596		602		682		618		490		-106	-18%	-129	-21%
16 Deposits from FIs	673		610		599		807		775		101	15%	-32	-4%
17 <b>Customer deposits</b>	<b>4,304</b>	<b>66%</b>	<b>4,255</b>	<b>66%</b>	<b>4,571</b>	<b>66%</b>	<b>4,469</b>	<b>63%</b>	<b>4,247</b>	<b>62%</b>	<b>-57</b>	<b>-1%</b>	<b>-222</b>	<b>-5%</b>
18 Other borrowed funds	215		245		246		321		494		279	130%	173	54%
19 Other liabilities	102		118		103		137		126		25	24%	-10	-8%
20 <b>TOTAL LIABILITIES</b>	<b>5,889</b>	<b>90%</b>	<b>5,830</b>	<b>90%</b>	<b>6,201</b>	<b>90%</b>	<b>6,352</b>	<b>90%</b>	<b>6,131</b>	<b>89%</b>	<b>242</b>	<b>4%</b>	<b>-220</b>	<b>-3%</b>
21 <b>Total Equity</b>	<b>666</b>	<b>10%</b>	<b>662</b>	<b>10%</b>	<b>677</b>	<b>10%</b>	<b>704</b>	<b>10%</b>	<b>720</b>	<b>11%</b>	<b>54</b>	<b>8%</b>	<b>16</b>	<b>2%</b>
22 <b>TOTAL LIABILITIES AND EQUITY</b>	<b>6,556</b>	<b>100%</b>	<b>6,493</b>	<b>100%</b>	<b>6,878</b>	<b>100%</b>	<b>7,056</b>	<b>100%</b>	<b>6,851</b>	<b>100%</b>	<b>296</b>	<b>5%</b>	<b>-204</b>	<b>-3%</b>
23 Average assets	6,312		6,524		6,642		6,746		6,767					
24 Average equity	647		664		669		678		686					
25 NPL ratio	0.9%		1.0%		1.0%		1.2%		1.1%					
26 Coverage ratio <sup>(1)</sup>	615%		548%		531%		450%		504%					
27 CASA Ratio	38.5%		41.0%		37.2%		34.3%		35.2%					

5 (1) Coverage ratio includes total provisions and collaterals.

# Total Credit Provisions exceed IFRS 9 accounting requirements by KD 124 million

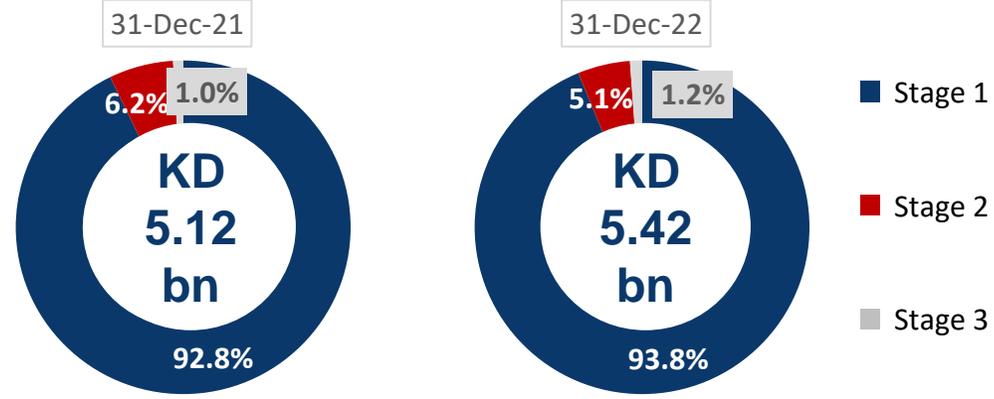
**Total Provisions on Credit Facilities**



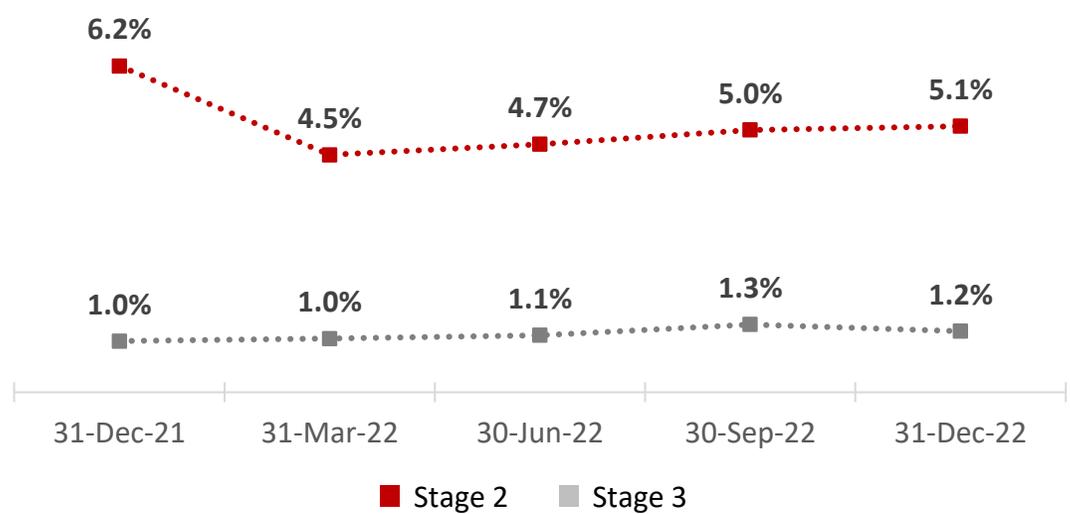
**Excess / Total Provision**

31-Dec-21	37%
31-Dec-22	39%

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



**Evolution of Gross Loans Stages 2 and 3 (%)<sup>(1)</sup>**

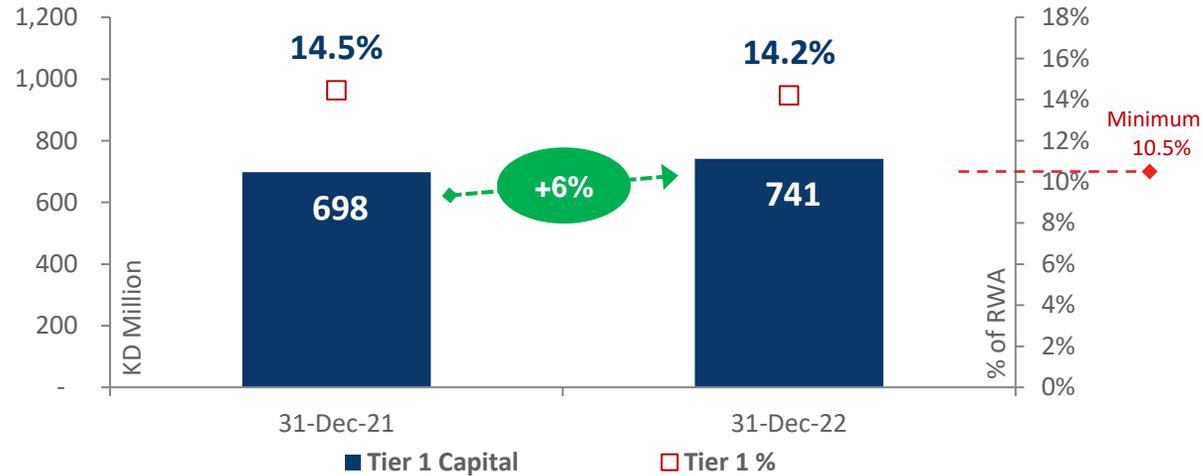


(1) Stage 3 loans are marginally higher than the credit impaired loans due to qualitative and quantitative factors as per IFRS 9;

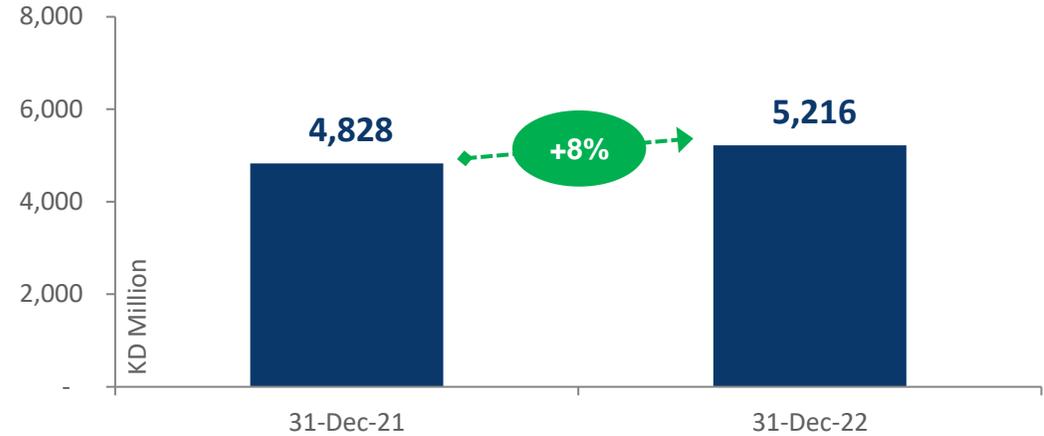
(2) Total Credit facilities includes Loans and advances to banks and customers and Contingent liabilities and commitments.

# Capital and Leverage Ratios

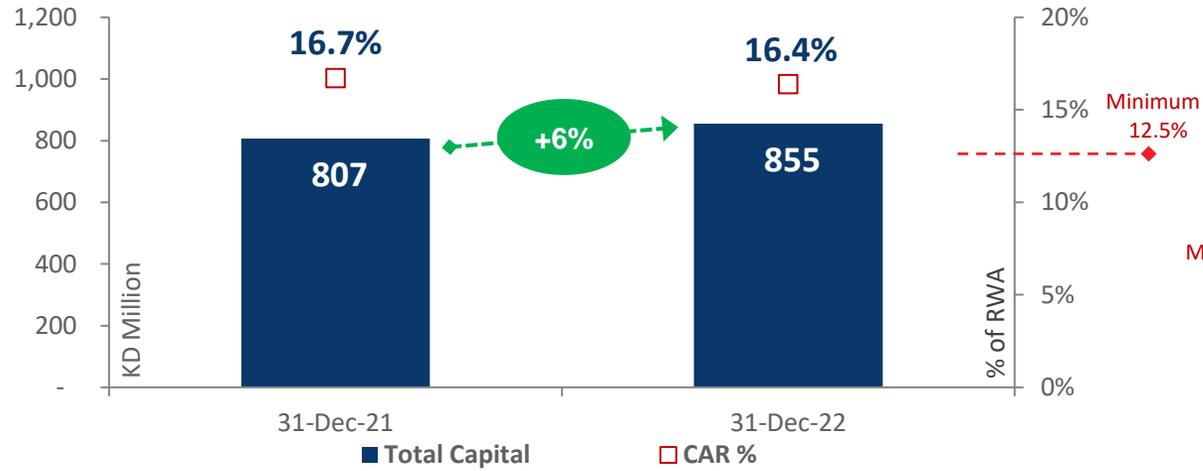
**Tier I Capital<sup>(1)(3)</sup>**



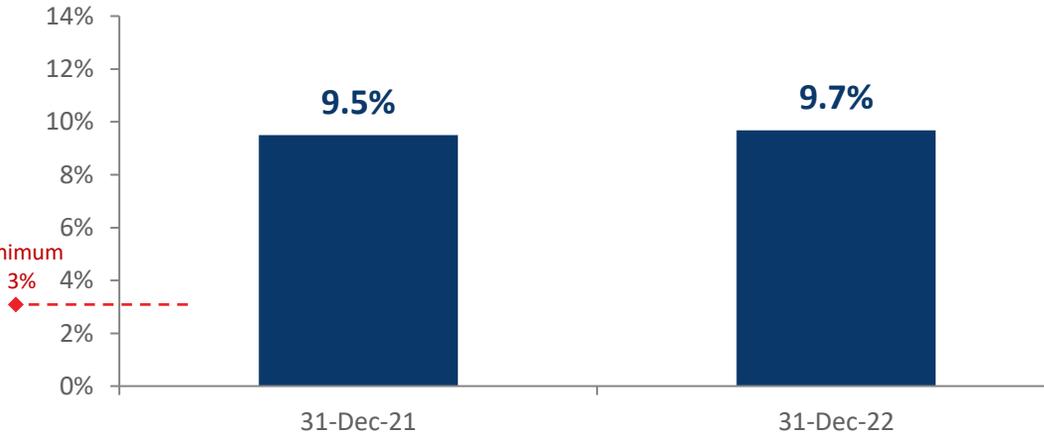
**Risk Weighted Assets**



**Total Capital<sup>(2)(3)</sup>**



**Leverage Ratio**



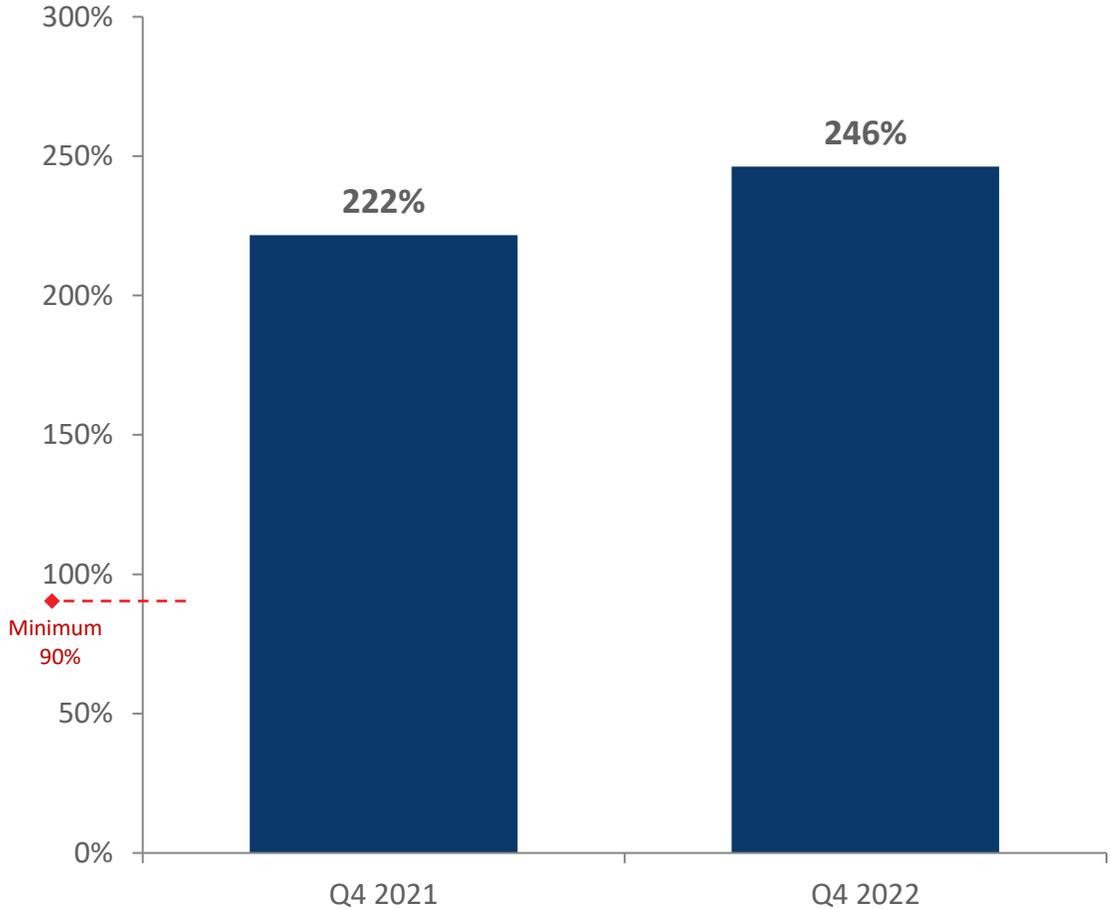
**% Tier 1                      87%                      87%**

(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.

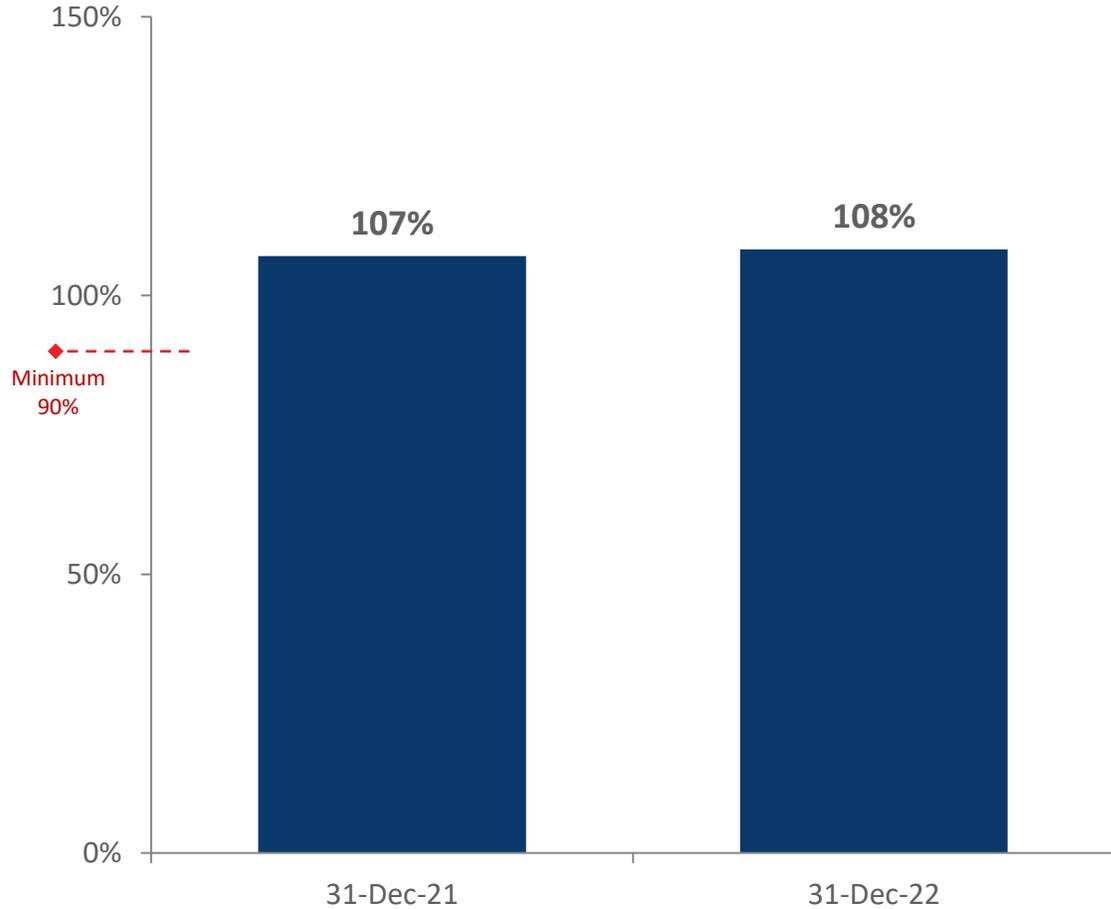


# Liquidity Ratios

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



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



(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.

# Q&A

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# Thank you

