



(A Public Shareholding Company Incorporated in the State of Kuwait)

Gulf Bank K.S.C.P. Share Capital Increase Prospectus

Offering of 260,869,565 Ordinary Shares at an Issue Price of 230 Fils Per Share

Pre-emption Right Subscription Period

From 29 October 2023 to 12 November 2023

Public Offering Subscription Period

From 19 November 2023 to 3 December 2023

This Prospectus is dated 9 October 2023

ENGLISH TRANSLATION OF THE OFFICIAL ARABIC LANGUAGE PROSPECTUS



**Kamco Investment Company ("Kamco Invest")
Joint Lead Manager & Subscription Agent**



**Gulf Bank K.S.C.P. ("Gulf Bank")
Joint Lead Manager & Subscription Agent**

Gulf Bank K.S.C.P. (the “**Bank**”, “**Gulf Bank**”, or the “**Issuer**”) is incorporated in the State of Kuwait as a Kuwaiti public shareholding company on 29 October 1960 as per the Commercial Companies Law applicable in the State of Kuwait, and in accordance with the rules and instructions of the Central Bank of Kuwait (the “**CBK**”). The Bank is registered with the Ministry of Commerce & Industry under commercial registration no. 8347 and was listed on the local stock exchange in Kuwait (“**Boursa Kuwait**”) on 29 September 1984. The Bank’s registered office is at Mubarak Al Kabeer Street, P.O. Box 3200, Safat 13032 Kuwait.

The Issuer’s authorized capital as at the date of this share offering Prospectus (“**Prospectus**”) is KWD 486,056,100.600 (four hundred and eighty six million, fifty six thousand, one hundred Kuwaiti Dinars and six hundred Fils) divided into 4,860,561,006 (four billion, eight hundred and sixty million, five hundred and sixty one thousand, and six) shares at a value of 100 Fils (one hundred Kuwaiti Fils) per share. The Issuer’s issued and paid-up capital as at the date of this share offering Prospectus is KWD 336,056,100.600 (three hundred and thirty six million, fifty six thousand, one hundred Kuwaiti Dinars and six hundred Fils) divided into 3,360,561,006 (three billion, three hundred and sixty million, five hundred and sixty one thousand, and six) shares at a value of 100 Fils (one hundred Kuwaiti Fils) per share (“**Existing Shares**”).

The new share capital increase offered for subscription (the “**Issue**”, or the “**Offering**”), whose provisions include a pre-emption right, as defined herein, shall be composed of 260,869,565 (two hundred and sixty million, eight hundred and sixty nine thousand, five hundred and sixty five) ordinary shares (the “**Issue Shares**”) at an Issue Price of 230 Fils (two hundred and thirty Kuwaiti Fils) per share (the “**Issue Price**”) of which 100 Fils (one hundred Kuwaiti Fils) is the nominal value and 130 Fils (one hundred thirty Kuwaiti Fils) is the share premium.

The Issue represents an increase in the total issued Shares from 3,360,561,006 shares to 3,621,430,571 shares at an increase by 7.76% of the Bank’s current issued share capital, and at a total nominal value of KD 26,086,956.500 (twenty six million, eighty six thousand, nine hundred fifty-six Kuwaiti Dinars and five hundred Fils only) with a total value of KD 60,000,000 (sixty million Kuwaiti Dinars only), upon adding the value of KD 33,913,043.450 for the Issued Shares premium.

The initial eligible subscribers (“**Initial Eligible Subscribers**”) are comprised of, a) those persons (“**Eligible Shareholders**”) whose names are recorded in the shareholder register of the Bank (the “**Bank’s Shareholders Register**”) held with Kuwait Clearing Company (“**Clearing & Depository Agent**”) as at 26 October 2023 (“**Record Date**”), and b) those persons to whom pre-emption rights were transferred during the trading period of pre-emption rights (“**Owners of Transferred Pre-emption Rights**”). For clarity, any trading made on the Bank’s shares prior to the Record Date but for which the settlement process has not been completed at Boursa Kuwait on the Record Date (the “**Ex-Date**”) and, accordingly, not recorded in the shareholder register of the Bank (the “**Bank’s Shareholders Register**”), shall not be taken into account in defining the Eligible Shareholders recorded in the Bank’s Shareholders Register on the Record Date. In any of the following instances concerning the exercising of any right of pre-emption vis-à-vis the Issue Shares (the “**Pre-emption Right**” (as the context may apply)), a) in the case of an Initial Eligible Subscriber, same may subscribe for their pro-rata amount of the Issue Shares based on the amount of Existing Shares registered in the name of the Initial Eligible Shareholder on the Record Date to the extent they have not otherwise transferred their pre-emption right, and b) in the case of an Owners of Transferred Pre-emption Rights, same may subscribe for their pro-rata amount of the Issue Shares based on the amount of pre-emption rights which were transferred during the trading period of pre-emption rights. Each Owner of Transferred Pre-emption Rights may subscribe to Issue Shares based on the amount of Pre-emption Rights so transferred to them.

In addition to the amount of Issue Shares that Initial Eligible Subscribers are entitled to with respect to their Pre-emption Right, the Initial Eligible Subscribers may also subscribe for additional Issue Shares (“**Additional Issue Shares**”) at the same time that they subscribe for Issue Shares under their Pre-emption Right. Additional Issue Shares are those Issue Shares in respect to which Initial Eligible Subscribers elected not to exercise their Pre-emption Right to subscribe for or elected to only partially exercise such right. Available Additional Issue Shares will be allocated to the Initial Eligible Subscribers pro rata to their subscription to the Additional Issue Shares.

The subscription period for exercising Pre-emption Rights in the Issue Shares (and Additional Issue Shares, if available) will commence on 29 October 2023 and will end on 12 November 2023 (“**Pre-emption Right Subscription Period**”).

In the case in which all Issue Shares have not been fully subscribed for by the Initial Eligible Subscribers during the Pre-emption Right Subscription Period, then the unsubscribed Issue Shares shall be open for public subscription (“**Public Subscription**” or “**Public Offering**”) to any person eligible to subscribe for shares in Kuwait (the “**Public Subscribers**”), including without limitation, the Initial Eligible Subscribers.

The Public Subscription shall commence from 19 November 2023 and will end on 3 December 2023 (the “**Public Offering Subscription Period**”). In the event where all of the shares offered for Public Subscription are subscribed for at or prior to the end of the Public Offering Subscription Period, then the subscription may be closed at that time. The board of directors of the Bank (the “**Board of Directors**”) may extend the Public Offering Subscription Period in its sole and absolute discretion in accordance with applicable laws and regulations. In the event where the aggregate of the Pre-emption Right Subscription Period and the Public Offering Subscription Period is to extend beyond a period of three (3) months from the date of opening of the Pre-emption Right Subscription Period, then the approval of the Kuwait Capital Markets Authority (the “**CMA**”) shall be obtained in order to do so.

Initial Eligible Subscribers and Public Subscribers (collectively, “**Subscribers**”) for the Issue Shares will not have the right of retraction except as in accordance with the Companies Law No. 1 of 2016 and its executive regulations (each as amended). The share allocation decision shall be final without any liability on the Issuer or the Subscription Agents.

The number of allocated Issue Shares shall be rounded to the nearest whole number. The Issuer shall have the absolute right to dispose of the fractional shares, if any, without issuing fractional shares.

After the relevant subscription period, the completion of the final allocation of the Issue Shares and fulfillment of all necessary regulatory procedures, the Issue Shares will be listed on Boursa Kuwait for trading without any restrictions, consistent with the protocols for the current Existing Shares.

The proceeds from the Offering will be used to enhance the Bank's capital adequacy ratio under the regulatory framework and for general corporate purposes. (see "**Use of Offering Proceeds**" section).

The Bank's extraordinary general assembly approved the increase of authorized share capital to KD 486,056,100.600 (four hundred and eighty six million, fifty six thousand, one hundred Kuwaiti Dinars and six hundred Fils) at its meeting dated 13 May 2023. Accordingly, the Board of Directors approved, in its meeting dated 9 August 2023, to increase the issued and paid-up share capital to KD 362,143,057.100 (three hundred and sixty two million, one hundred and forty three thousand, fifty seven Kuwaiti Dinars and one hundred Fils) and also determined that the amount of premium attributable to each of the Issue Shares to be 130 Kuwaiti Fils (one hundred thirty Kuwaiti Fils) per share. The Board of Directors further authorized Mr. Jassim Mustafa Boodai (Chairman of the Board of Directors) and /or Mr. Waleed Khaled Mandani (Acting Chief Executive Officer) and / or Mr. Dari Ali Al-Bader (General Manager of Corporate Affairs and Secretary of the Board of Directors) to determine the subscription period for the Issue Shares and to issue a Prospectus and to undertake all corporate actions required to proceed and complete the Offering.

On 28 August 2023, the CBK approved the Offering of the Issue Shares. In addition, on 14 September 2023 the CMA approved the Offering of the Issue Shares.

This Prospectus has been prepared in accordance with the provisions of Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and Regulating Securities Activities, and the executive bylaws thereto (each as amended). On 9 October 2023, the CMA approved the subscription Prospectus.

The Issue Shares shall be of the same class as the Existing Shares in the issuer's capital. Each share shall confer one vote on its holder and each shareholder shall be entitled to attend and vote in the General Assembly meeting, to receive future dividends whenever announced by the Issuer, to benefit from Pre-emptive Rights in the new equity subscription, to benefit from the rights upon the company's liquidation and any other rights provided for in the Memorandum of Association and the Articles of Association of the Bank. No shareholder shall have any additional rights in preference to any other shareholder.

As per the provisions of Law No. 7 of 2010 the Establishment of the Capital Markets Authority and Regulating Securities Activities, without prejudice to the tax exemptions from the prescribed tax on profits arising from disposal of securities issued by companies listed on Boursa Kuwait, returns in respect of securities, bonds, financial sukuk and all other similar securities, regardless of the issuer, are exempted from taxes.

NOTICE TO POTENTIAL INVESTORS

WE RECOMMEND THAT YOU SEEK THE ADVICE OF A LICENSED PERSON WHO IS DULY QUALIFIED ACCORDING TO THE KUWAIT CAPITAL MARKETS LAW NO. 7 OF 2010, AND THE EXECUTIVE BYLAWS THERETO (EACH AS AMENDED) TO RENDER ADVICE WITH RESPECT TO THE CONTENTS OF THIS PROSPECTUS PRIOR TO MAKING A DECISION AS TO WHETHER OR NOT TO SUBSCRIBE TO THE OFFERING SHARES FORMING THE SUBJECT OF THIS PROSPECTUS. IT SHOULD ALSO BE NOTED THAT, WITHOUT THE PRIOR APPROVAL OF THE CENTRAL BANK OF KUWAIT, THAT OWNERSHIP BY ONE PERSON (WHETHER A NATURAL OR JURISTIC IN NATURE) OF 5% (FIVE PERCENT) OR MORE IN THE BANK'S CAPITAL, IS NOT PERMITTED. IF THE OWNERSHIP OF ONE PERSON EXCEEDS THE AFOREMENTIONED PERCENTAGE THRESHOLD, THEN SUCH PERSON SHOULD DISPOSE OF THE INCREASE WITHIN THE PERIOD SET BY THE CENTRAL BANK OF KUWAIT. THIS VIOLATION SHALL RESULT IN THE SHAREHOLDER NOT AVAILING THE AMOUNT OF SHARE INCREASE IN TERMS OF THE VOTING RIGHTS IN THE BANK'S GENERAL ASSEMBLY AND IN THE BANK'S MANAGEMENT.

THIS PROSPECTUS HAS BEEN APPROVED BY THE KUWAIT CAPITAL MARKETS AUTHORITY ("CMA"). THIS PROSPECTUS HAS BEEN PREPARED IN ACCORDANCE WITH THE KUWAIT CAPITAL MARKETS LAW NO. 7 OF 2010 AND ITS EXECUTIVE BYLAWS (EACH AS AMENDED) (THE "CML RULES"). THE DIRECTORS, WHOSE NAMES APPEAR IN THE MANAGEMENT SECTION OF THIS PROSPECTUS, COLLECTIVELY AND INDIVIDUALLY, ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION CONTAINED IN THIS PROSPECTUS RELATING TO THE ISSUER AND THE OFFERING SHARES, AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING.

EACH OF THE SUBSCRIPTION AGENTS AND THE ISSUER ACCEPT FULL RESPONSIBILITY FOR ANY INACCURACY OF ALL INFORMATION AND DATA CONTAINED IN THIS PROSPECTUS AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER MATERIAL FACTS AND INFORMATION OMITTED, AND THAT THE PROSPECTUS HAS BEEN DRAFTED ACCORDING TO THE INFORMATION AND DATA THAT CORRESPOND TO REALITY.

THE LEGAL ADVISERS TO THE ISSUER CONFIRM THAT THEY HAVE REVIEWED THE PROSPECTUS AND DOCUMENTS RELATED THERETO AS PROVIDED TO THEM BY THE ISSUER, AND THAT TO THE BEST OF THEIR KNOWLEDGE AND AFTER HAVING MADE ALL REASONABLE INQUIRIES, THE PROSPECTUS COMPLIES WITH THE RELEVANT LEGAL REQUIREMENTS AND THAT THE ISSUER HAS OBTAINED THE REQUIRED APPROVALS NECESSARY IN ORDER FOR ITS OBLIGATIONS TO BE VALID AND ENFORCEABLE.

EACH OF THE ISSUER AND THE SUBSCRIPTION AGENTS CONFIRM THAT THE REQUIREMENTS AND NECESSARY PROCEDURES ARE MET, AND ALL THE DOCUMENTS REQUIRED IN THE PROSPECTUS ARE SUBMITTED IN ACCORDANCE WITH THE CMA RULES AND RELATED BYLAWS.

THE CMA DOES NOT TAKE ANY RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, DOES NOT MAKE ANY REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM, OR INCURRED IN RELIANCE UPON, ANY PART OF THIS PROSPECTUS.

RESPONSIBILITY STATEMENT

Persons Responsible for this Prospectus:

This Prospectus has been prepared by:

Name: Waleed Khaled Mandani

Position: Acting Chief Executive Officer

And

Name: Dari Ali Al-Bader

Position: General Manager – Corporate Affairs & Board Secretary

Address: Gulf Bank K.S.C.P., Mubarak Al Kabeer Street, P.O. Box 3200, Safat 13032, Kuwait.

The aim of this Prospectus is to provide the information required to existing shareholders of Gulf Bank K.S.C.P. (the “Bank”) and new shareholders eligible to subscribe. The members of the Board of Directors of the Bank, whose names appear under the Management section of this Prospectus, jointly and severally assume full liability for the accuracy and integrity of the information contained in this document, and assure, to the best of their knowledge and belief and after conducting a full and detailed due diligence, that there are no other facts or information that the omission thereof may have impact on the accuracy and integrity of any statement set forth in this Prospectus. The Board of Directors of the Bank hereby confirm that, to the best of their knowledge and after undertaking all reasonable inquiries, that all the information set in this Prospectus is complete, accurate and true, that the statement is issued after due diligence, that disclosure to investors is made of all information relating to the securities and the issuer for the purpose of deciding whether to underwrite in this subscription or not and that compliance is maintained with all relevant provisions stipulated under Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and Regulating Securities Activities, the Executive Bylaws thereof, issued by virtue of the CMA Resolution No. 72 of 2015, as amended, and the Kuwait Companies Law No. 1 of 2016, the Executive Regulations thereto, as amended, and the instructions and regulations of the Central Bank of Kuwait and the Kuwait Capital Markets Authority.

On behalf of the Board of Directors of the Bank:

Name:

Title:

Signature:

Jassim Mustafa Boodai

Chairman



IMPORTANT NOTES

This Prospectus includes information about Gulf Bank K.S.C.P (the “**Bank**”, “**Issuer**”, or “**Gulf Bank**”) in respect of the shares, subscription and subscription rules, terms and conditions under its share capital increase. The Bank has not authorized any other entity to release, make or provide any statements, information or representations regarding the Bank or the shares other than what is set forth in this Prospectus or as approved for such purpose by the Bank. Any such statements, information, representations or assumptions emanating from third parties should not be relied upon as having been authorized by the Bank in its capacity as an Issuer or as Subscription Agent save those stipulated herein.

While the Bank has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, certain information about the market and industry sectors herein included have been derived from external sources. While neither the Bank, nor its respective advisers have any reason to believe that the market and industry information is materially inaccurate, it is worth mentioning that such information has not been independently verified and, thus, no representation is made with respect to the integrity, accuracy or completeness of any such information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial position of the Bank and the value of the shares may be adversely affected by future developments due to inflation, financing charges, taxation or any other economic or political changes and other factors beyond the Bank’s control. Neither the delivery of this Prospectus nor any verbal, written or printed statement in relation to the shares is intended to be, or should be construed or relied upon in any way, as a promise or representation of any future earnings, results or events.

For the banks subject to their supervision, the Central Bank of Kuwait (“**CBK**”) and the Kuwait Capital Markets Authority (“**CMA**”) and the Ministry of Commerce and Industry are the authorities vested with the right to issue the necessary licenses and approvals for the capital increase. The approval of the CMA has been obtained for this Prospectus, however, the CMA is not held liable in anyway whatsoever for the contents of this Prospectus, and does not guarantee the soundness and accuracy of any information mentioned herein. Therefore, the CMA does not bear any liability whatsoever as to any type of loss arising from relying on the contents of this Prospectus, whether in whole or in part. It is advised to consult an investment advisor. Furthermore, the CMA shall not serve as a party in any case pertinent to damage arising from any Prospectus approved thereby.

This Prospectus should not be considered a recommendation from the Bank or any of its advisers or affiliates to participate in the Issue. The information provided herein is of a general nature and has been prepared without taking into account any potential investor’s strategic objectives, financial situation or particular investment needs. Each recipient of this Prospectus shall be responsible for obtaining their own independent professional advice in relation to the Bank and the Offering of the shares prior to making an investment decision. Further, the recipient of the Prospectus shall be responsible for making their own independent evaluation of the Bank, investment in the shares and of the information and assumptions contained herein by seeking such advice, analysis and projections as they deem necessary in making any investment decision. Potential investors shall not construe the contents of this document as constituting tax, investment or legal advice.

Prior to purchasing any shares, a prospective investor should consult a financial advisor licensed by CMA in shares for such an investor and arrive at an independent evaluation of such an investment. The sole purpose of this Prospectus is to provide background information about the Bank to assist each recipient of the Prospectus in making an independent evaluation of the investment in these shares.

The distribution of this Prospectus and the offering of the Issue Shares in certain jurisdictions is restricted by some laws outside the State of Kuwait. Persons into whose possession this Prospectus may come are required by the Bank and the Managers to inform themselves about and to observe such restrictions.

Under no circumstances shall this document constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful. Any securities to be issued have not been and will not be registered under the Securities Act of 1933 or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons.

No person has been authorized to give any information or make any representations in connection with the offering of the shares other than those contained in this Prospectus and, if given or made by third parties, any such information or representations should not be relied upon as having been authorized by the Bank as an Issuer or Subscription Agent. Neither the delivery of this Prospectus nor any sale or delivery made hereunder shall, in any circumstances, create any implication that there has been no change in the affairs of the Bank since the date hereof.

By reading and accepting this Prospectus, the recipient agrees to comply with its conditions and declares that they are responsible for maintaining full compliance with the law in respect of any purchase including getting any necessary government or non-government approvals and satisfying any other requirements.

Financial and Statistical Information

In this Prospectus all references to "KWD", "KD", "Kuwaiti Dinars" and "Dinars" are to Kuwaiti Dinars, the lawful currency of Kuwait and "USD", "US\$" and "\$" are to United States Dollars.

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Where statistical information has been sourced for publication in this Prospectus, the Issuer believes that the information represents the latest information available from the relevant particular source.

Financial information contained herein for any period ending after 31 December 2022 has not been audited.

Forecasts and Forward-Looking Statements

Some statements in this Prospectus may be deemed to be forward looking statements. Forward-looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward-looking statements. When used in this document, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. The Issuer has based these forward-looking statements on the current view of the Issuer's management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in the Issuer's forward-looking statements are reasonable as of the date of this Prospectus, if one or more of the risks or uncertainties materialize, including those which the Issuer has identified in this Prospectus, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted. These forward-looking statements speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

TABLE OF CONTENTS

RESPONSIBILITY STATEMENT.....	5
IMPORTANT NOTES	6
TABLE OF CONTENTS.....	8
KEY TERMS OF THE OFFERING.....	9
OFFERING TERMS, CONDITIONS AND INSTRUCTIONS.....	13
BASIS OF CALCULATION OF SHARE PRICE AND PREMIUM.....	18
USE OF OFFERING PROCEEDS.....	19
INFORMATION ABOUT THE ISSUER	20
STRATEGY	25
CORPORATE GOVERNANCE	27
MANAGEMENT.....	30
CAPITALIZATION AND BORROWINGS	45
PROFIT DISTRIBUTIONS BY THE BANK.....	46
SELECTED FINANCIAL INFORMATION	47
PREVIOUS SECURITIES ISSUANCES BY THE BANK.....	48
RISK FACTORS	49
TAXATION.....	63
MAJOR CONTRACTS	65
GENERAL INFORMATION.....	66
ARTICLES OF ASSOCIATION AND MEMORANDUM OF ASSOCIATION	68
FINANCIAL STATEMENTS	69

KEY TERMS OF THE OFFERING

The following summary should be read as an introduction to, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this Prospectus. This summary does not contain all the information that prospective investors should consider before deciding to invest in the Issue Shares and does not purport to be complete. Accordingly, any decision by a prospective investor to invest in the Issue Shares should be based on consideration of this Prospectus as a whole.

Issuer	Gulf Bank K.S.C.P. a public shareholding company incorporated in the State of Kuwait on 29 October 1960
Issuer's Address	Mubarak Al Kabeer Street, P.O. Box 3200, Safat 13032, Kuwait
Offering Type	Public Subscription in the Issue Shares with pre-emption rights to Eligible Shareholders.
Offering Size	Offering size: KWD 60,000,000 (sixty million Kuwaiti Dinars only), which consists of a nominal value of KWD 26,086,956.500 (twenty six million, eighty six thousand, nine hundred fifty-six Kuwaiti Dinars and five hundred Fils) and an issuance premium of KWD 33,913,043.450.
Issue Price	230 Fils (two hundred and thirty Kuwaiti Fils) per Issue Share (including the nominal value and the issue premium).
Nominal Value	100 Fils (one hundred Kuwaiti Fils) per Issue Share
Issuance Premium	130 Fils (one hundred and thirty Kuwaiti Fils) per Issue Share
Total number of Issued and Paid-up Shares immediately prior to Offering	3,360,561,006 shares with a nominal value of 100 Fils (one hundred Kuwaiti Fils) each, all of which are fully paid
Treasury Shares	None
Number and Nature of Issue Shares	260,869,565 (two hundred and sixty million, eight hundred and sixty nine thousand, five hundred and sixty five) ordinary shares
Number of Issue Shares underwritten	None
Value of underwritten Issue Shares	None
Total number of Issued and Paid-up shares immediately following the Offering if 100% subscribed for	3,621,430,571 (three billion, six hundred and twenty one million, four hundred and thirty thousand, five hundred and seventy one) shares.
Issuer's issued capital immediately following the Offering if 100% subscribed for	KWD 362,143,057.100 (three hundred and sixty two million, one hundred and forty three thousand, fifty seven Kuwaiti Dinars and one hundred Fils).
Restrictions on trading in securities offered for subscription and any future arrangements	None
Offering/Subscription Expenses	Offering Expenses are estimated to be approximately KWD 295,000 (two hundred and ninety five thousand Kuwaiti Dinars). The Bank shall be responsible for all costs relating to the Offering, which includes subscription management fees, printing and publications expenses and other related legal notices.
Offering/Subscription Method	Subscribers may submit the Subscription Application Form online via the Subscription Website for Subscription during the Subscription Period as described in the Offering Terms, Conditions and Instructions section of this Prospectus. Amendments to and/or withdrawal of the Subscription Application Form shall not be permitted once submitted. Upon submission, the Subscription Application Form shall serve as a legally binding agreement between the subscribers and the Issuer.

Pre-emption Right Subscription Period or First Subscription Period	From 29 October 2023 to 12 November 2023
Public Offering Subscription Period or Second Subscription Period(if any)	From 19 November 2023 to 3 December 2023
The Period for Trading Pre-Emptive Rights	The period for trading of Pre-Emption Rights starts from the date of opening of the Pre-emptive Right Subscription Period until five (5) business days prior to the end of the Pre-emptive Right Subscription Period. 29 October 2023 has been set as the date for the start of trading in Pre-Emption Rights and 5 November 2023 as the last day of trading in Pre-Emption Rights.
Trading Pre-Emptive Rights	Approval of this Prospectus shall be an approval from Boursa Kuwait and Kuwait Clearing Company to list and trade Pre-emptive Rights during the Pre-emptive Right Subscription Period in the Issue Shares. Listing shall be cancelled upon the company's disclosure of the results of subscription in the capital increase.
Means of Disposal of Pre-Emptive Rights	<p>Upon the commencement of trading of Pre-emptive Rights, Eligible Shareholders may dispose of their pre-emptive rights, in the capital increase shares subject of this Prospectus, to Eligible Shareholders or third parties through either of the two ways stated below or both of them:</p> <ol style="list-style-type: none"> 1) Trading pre-emptive rights, in part or in full, as per the rules of Boursa Kuwait. 2) Waiving pre-emptive rights to another shareholder or to a third party against no consideration as per the rules of Boursa Kuwait and the Clearing Agency. <p>In all cases, an Eligible Shareholder who disposed of his Pre-emptive Rights in the above manner may not be entitled to subscribe in such rights to the extent disposed of, and any such subscription by him therein shall fall null and void. However, the alienee to whom Pre-emptive Rights were transferred shall have the right to subscribe in the Issue Shares designated for such rights, and shall further have the right to dispose of the same in the manner stated under the applicable rules of the CMA, Boursa Kuwait, and Kuwait Clearing Company up to 5 (five) business days before the Pre-emptive Right Subscription Period is closed. Upon completion of the Pre-emptive Rights' transfer, the alienee may not be deprived of this right expect that he shall be deprived of the Pre-emptive Right in case of not exercising it during the Pre-emption Right Subscription Period.</p>
Allocation Date	Within 5 (five) business days of the end of the Pre-emptive Right Subscription Period, or end of the Public Offering Subscription Period, if applicable.
Eligible Shareholders (Owners of Pre-emption Rights to Subscribe in the Issue Shares)	Shareholders recorded in the Bank's Shareholders Register with Kuwait Clearing Company K.S.C. on the Record Date, i.e., shareholders recorded in the Bank's Shareholders Register as at 26 October 2023. For clarity, any trading on the Bank's shares prior to the Record Date, but for which the trade settlement process at Boursa Kuwait has not been completed as at the Record Date, and as a result have not yet been recorded on the Bank's Shareholders Register, such will not be considered in determining the Eligible Shareholders enrolled as at the Record Date.
Eligible Shareholder's Entitlement	Approximately 7.76% for their total Existing Shares held as of the Record Date
Minimum Subscription	1 (one) Issue Share
Maximum Subscription	No maximum subscription limit whereby each Subscriber may apply for subscription in excess of their entitlement to the Issue Shares and such subscription can exceed the total number of Issue Shares .
Initial Eligible Subscribers' options for the Issue Shares	<p>Initial Eligible Subscribers can exercise any of the following options in respect of the Issue Shares:</p> <ol style="list-style-type: none"> 1) Exercising their Pre-emption Rights in the Issue Shares; 2) Exercising their Pre-emption Rights in the Issue Shares as well as subscribing for Additional Issue Shares;

	<p>3) Assigning their Pre-emption Rights for subscription in the Issue Shares as per the approved mechanism at least 5 (five) days before the end of the Pre-emptive Right Subscription Period (any such assignment shall be made in accordance with the relevant rules applied by the Clearing Agency) or;</p> <p>4) Not exercising any of the above options.</p>
Effect on Eligible Shareholders who choose not to subscribe in Issue Shares	Eligible Shareholders who do not subscribe in the Issue Shares shall be subject to a reduction in the proportion of their equity in the Issuer. They may also experience a change in the value of their pro rata portion in the Existing Shares of the Bank.
Subscription for Additional Issue Shares	In addition to the amount of Issue Shares that Initial Eligible Subscribers are entitled to with respect to their Pre-emption Right, the Initial Eligible Subscribers may also subscribe for additional Issue Shares (“ Additional Issue Shares ”) at the same time that they subscribe for Issue Shares under their Pre-emption Right. Additional Issue Shares are those Issue Shares that Initial Eligible Subscribers elected not to exercise their Pre-emption Right to subscribe for or elected to only partially such right. Available Additional Issue Shares will be allocated to the Initial Eligible Subscribers pro rata to their subscription to the Additional Issue Shares.
Public Subscription / Offering	In case all Issue Shares offered for subscription are not subscribed for during the Pre-emptive Right Subscription Period, the Issue Share surplus will be offered for Public Subscription where any person (including Initial Eligible Subscribers) may subscribe in the surplus Issue Shares.
Allocation of Issue Shares	<p>Allocation during the Pre-emptive Right Subscription Period:</p> <p>Firstly, the Issue Shares shall be allocated in full to those Initial Eligible Subscribers who exercised their Pre-emptive Right to subscribe in the Issue Shares in accordance with their Pre-emptive Right.</p> <p>Secondly, any remaining Issue Shares shall be allocated to those Initial Eligible Subscribers who have exercised their right to subscribe in Additional Issue Shares pro rata to their subscription to the Additional Issue Shares.</p> <p>Allocation during the Public Offering Subscription Period:</p> <p>In the event that there are Issue Shares available for Public Subscription, Issue Shares will be allocated to Public Subscribers pro rata to their subscription in the remaining Issue Shares</p> <p><u>In case all Issue Shares offered for subscription are subscribed to before the end of the period for Public Offering Subscription Period, the subscription may be closed prior to the initial scheduled completion of the Public Offering Subscription Period.</u></p>
Share Fractions	<p>Subscription shall not be made for fractions of Issue Shares and, wherever necessary, the number of Issue Shares to which a Subscriber has a fractional entitlement shall be rounded to the nearest whole number. The Issuer reserves the sole right to dispose of the fractional shares.</p> <p>(See “Offering Terms, Conditions and Instructions” Section).</p>
Use of Offering Proceeds	The proceeds from the Offering will be used by the Issuer to enhance the Bank’s capital adequacy ratio under the regulatory framework and for general corporate purposes.
Offering Terms	The Issuer, the Subscription Agents, and the Clearing and Depository Agent reserve the right to reject, in full or in part, any Subscription Application Form, which is not in compliance with the terms of the Offering. Once submitted, Subscription Application Forms cannot be amended or withdrawn. The acceptance of Subscription Application Forms by the Subscription Agents, the Clearing and Depository Agent and the Issuer constitutes a legally binding agreement between subscribers and the Issuer (Refer to “Offering Terms, Conditions and Instructions” section).

Dividends	The shareholder of the Issue Shares will be entitled to receive any dividends declared by the Issuer in future.
Voting Rights	The Issuer has only one class of shares. Each Issue Share entitles the shareholder to one vote and the shareholder has the right to attend and vote at the General Assembly meetings. No Shareholder has any preferential voting right.
Subsequent Equity Subscriptions	The holders of Issue Shares will be entitled to benefit from pre-emptive rights in subsequent public equity subscriptions
Rights arising from the Issue Shares in the event of liquidation of the Issuer	A shareholder is entitled to receive a portion in proportion to the shares they hold from the Issuer's assets on liquidation behind claims of any preferred shareholders and following repayment of the Issuer's debts and other costs <i>pari passu</i> with all other holders of ordinary shares.
Process and Procedures in the event of undersubscribed share capital increase	<p>If the Issue Shares have not been fully subscribed during the subscription period, the Board of Directors of the Bank may decide to extend the subscription period to any period in accordance with the Law. If the Issue Shares have not been fully subscribed during the initial period or any extended subscription period, the Board of Directors of the Bank may decide either to:</p> <ol style="list-style-type: none"> 1) retract the share capital increase and refund the subscribers, or; 2) limit the share capital increase to the amount actually subscribed for at the close of the relevant subscription period. <p>Subscribers for the Issue Shares will not have the right of retraction except as per the Law.</p>
Listing of Shares	After the close of the subscription period, the final allocation of the Issue Shares and completion of all the necessary regulatory procedures, the Issue Shares will be listed on Boursa Kuwait and will be set for trading without any restrictions.
Regulatory Authorities	The Central Bank of Kuwait, the Kuwait Capital Markets Authority, and the Ministry of Commerce and Industry
Auditors	Ernst & Young, Al Aiban, Al Osaimi & Partners, and Deloitte & Touche, Al-Wazzan & Co.
Issuance Managers & Subscription Agents	Kamco Invest and Gulf Bank
Clearing and Depository Agent	Kuwait Clearing Company K.S.C.
Legal Advisors	ASAR – Al Ruwayeh & Partners
Law	The laws of the State of Kuwait
Courts	Courts of the State of Kuwait
Issuer's Board of Directors	<p>Mr. Jassim Mustafa Boodai Mr. Ali Morad Behbehani Mr. Omar Hamad AlEsa Mr. Bader Nasser AlKharafi Mr. Abdullah Sayer Al-Sayer Dr. Fawaz Mohammad Al Awadhi Mr. Barrak Abdulmohsen Al Asfour Mrs. Reem Abdullah Al Saleh Mr. Ahmad Mohammad Al Bahar Dr. AbdulRahman Mohammad Al-Taweel Mr. Talal Ali Al Sayegh</p>

OFFERING TERMS, CONDITIONS AND INSTRUCTIONS

1. Subscription Agreement

The Issuance Managers and the Subscription Agents agreed with the Issuer, according to the terms of the Subscription Agreement, and on the condition that some related conditions are met, to exercise the necessary care in order to offer the Subscribers the right to subscribe to the Issue Shares at the Issue Price. The Issuance Managers and the Subscription Agents are not obligated to subscribe to any of the Issue Shares that were not subscribed to by the Subscribers.

2. Subscribers

The initial eligible subscribers ("**Initial Eligible Subscribers**") are comprised of, a) those persons ("**Eligible Shareholders**") whose names are recorded in the shareholder register of the Bank (the "**Bank's Shareholders Register**") held with Kuwait Clearing Company ("**Clearing & Depository Agent**") as at 26 October 2023 ("**Record Date**"), and b) those persons to whom pre-emption rights were transferred during the trading period of pre-emption rights ("**Owners of Transferred Pre-emption Rights**"). For clarity, any trading made on the Bank's shares prior to the Record Date but for which the settlement process has not been completed at Boursa Kuwait on the Record Date (the "**Ex-Date**") and, accordingly, not recorded in the shareholder register of the Bank (the "**Bank's Shareholders Register**"), shall not be taken into account in defining the Eligible Shareholders recorded in the Bank's Shareholders Register on the Record Date. Each Eligible Shareholder may subscribe for their pro-rata amount of the Issue Shares based on the amount of Existing Shares registered in the name of the Eligible Shareholder on the Record Date (the "**Pre-emption Right**"), to the extent they have not otherwise transferred their Pre-emption Right. Each Owner of Transferred Pre-emption Rights may subscribe to Issue Shares based on the amount of Pre-emption Rights so transferred to them.

In addition to the amount of Issue Shares that Initial Eligible Subscribers are entitled to with respect to their Pre-emption Right, the Initial Eligible Subscribers may also subscribe for additional Issue Shares ("**Additional Issue Shares**") at the same time that they subscribe for Issue Shares under their Pre-emption Right. Additional Issue Shares are those Issue Shares that Initial Eligible Subscribers elected not to exercise their Pre-emption Right to subscribe for or elected to only partially such right. Available Additional Issue Shares will be allocated to the Initial Eligible Subscribers pro rata to their subscription to the Additional Issue Shares.

There is no maximum limit for the subscription applications whereby each Subscriber may apply for subscription in excess of their entitlement to the Issue Shares provided that such subscription by a Subscriber cannot exceed the total number of Issue Shares.

The Issuer does not guarantee the availability of any Additional Issue Shares.

In the case in which all Issue Shares have not been fully subscribed for by the Initial Eligible Subscribers during the Pre-emption Right Subscription Period, then the unsubscribed Issue Shares shall be open for public subscription ("**Public Subscription**" or "**Public Offering**") to any person eligible to subscribe for shares in Kuwait (the "**Public Subscribers**") including without limitation, the Initial Eligible Investors.

Initial Eligible Subscribers and Public Subscribers (collectively, "**Subscribers**") for the Issue Shares will not have the right of retraction except as in accordance with the Companies Law No. 1 of 2016 and its executive regulations (each as amended). The share allocation decision shall be final without any liability on the Issuer.

In all cases, fractions of Shares may not be subscribed to and, wherever necessary, the entitlement figure shall be rounded to the nearest whole number.

3. Subscription Period

The subscription period for exercising Pre-emption Rights in the Issue Shares (and Additional Issue Shares if available) will commence on 29 October 2023 and will end on 12 November 2023 ("**Pre-emption Right Subscription Period**").

The Public Subscription shall commence from 19 November 2023 and will end on 3 December 2023 (the "**Public Offering Subscription Period**"). In the event where all of the shares offered for Public Subscription are subscribed for at or prior to the end of the Public Offering Subscription Period, then the subscription may be closed at that time.

4. Extension of Subscription Period

The board of directors of the Bank (the "**Board of Directors**") may extend the Public Offering Subscription Period in its sole and absolute discretion in accordance with applicable laws and regulations. In the event where the aggregate of the Pre-emption Right Subscription Period and the Public Offering Subscription Period is to extend beyond a period of three (3) months from the date of opening of the Pre-emption Right Subscription Period, then the approval of the Kuwait Capital Markets Authority (the "**CMA**") shall be obtained in order to do so.

5. Partial Subscription to the Issue Shares

If the Issue Shares have not been fully subscribed for, the Issuer will either (a) retract the share capital increase, or (b) limit the share capital increase to the amount of Issue Shares actually subscribed for, and reduce the share capital of the Issuer in both cases, and such reduction must be recorded and marked in the register based on the Issuer's decision.

6. Subscription Procedures

All Subscribers with mortgaged shares must provide to the Clearing and Depository Agent an original and signed approval letter from the mortgagee stating that the Subscriber may subscribe in the capital increase. The approval letter must be submitted in Ahmad Tower – 5th floor.

Subscriptions and all required documents must be submitted through the Subscription Website.

General subscription procedures:

The Subscriber shall:

1. Login to the Subscription Website via the link: <https://www.ipo.com.kw>
2. In the event the Subscriber is an individual, they shall register their Civil ID number, and then the system will verify the eligibility of the Subscriber.
3. In the event the Subscriber is a legal entity or a company, the Subscriber must enter the commercial registration number, and then the system will verify the eligibility of the Subscriber.
4. Record the number of shares to be subscribed for.
5. The Subscriber must make the payment through either K-NET service or bank wire transfer as follows:

For Subscribers paying through K-NET service, the Subscriber shall:

- Pay from their own account (no other person may pay on behalf of the Subscriber except in the cases provided for under the law).

Subscribers are advised to confirm with their bank that their payment limit on their K-NET card will enable them to pay for their subscription.

Or,

For Subscribers paying through bank wire transfer, the Subscriber shall:

- Print the Subscription Application Form and visit their own bank and submit a copy of the Subscription Application Form printed from the above link and transfer the amount required to the Subscription Bank Account (net amount without any charges by the transferring bank and the receiving Bank) stated below:

Name of Bank: Gulf Bank K.S.C.P.

Account number: 38750089

IBAN: KW89 GULB 0000 0000 0000 0038 7500 89

SWIFT: GULBKWKW

Beneficiary: GULF BANK CAPITAL INCREASE SUBSCRIPTION

Reference/Description: Subscription Application Form number + subscriber civil identification (for residents and citizens)/ passport (for non-residents and non-citizens)/ commercial registration number (for corporates) + subscriber contact number

- The subscriber shall upload the copy of the original deposit voucher of the amount transferred from their own bank in addition to the documents listed in item 7 **“Documents required to be submitted with applications to subscribe”** stated in this Prospectus through the electronic link that will be sent from the Subscription Website to the subscriber by e-mail and text message on the registered phone.

The Clearing and Depository Agent shall send an email confirmation to the Subscriber in case of a successful Subscription. Failure of any Subscriber to submit a duly completed Subscription Application Form (together with all applicable supporting documentation thereto) to the Subscription Website, after the transfer or deposit of the subscription funds (the **“Subscription Monies”**) as required in this Prospectus, shall render the Subscription Application Form of a Subscriber null and void. Subscription Monies shall not be accepted in cash.

7. Documents required to be submitted with applications to subscribe

The Subscription Application Form must be submitted through the Subscription Website along with the following documentation, as applicable to the nature of and payment method chosen by the Subscriber:

a) Individual Subscribers

- Signed Subscription Application Form;
- Copy of personal civil identification card;
- Copy of passport to verify the signature;
- Copy of the bank transfer receipt;
- Copy of the IBAN number;
- Copy of special legal proxy for subscribing in shares (for proxy subscriber);
- Copy of Certificate of Guardianship for orphans;
- Copy of Certificate of Guardianship for minors; or
- Copy of a Limitation of Succession Deed for beneficiaries.
- Copy of Guardianship rule

b) Corporate Subscribers

- Signed Subscription Application Form;
- Copy of the bank transfer receipt;
- Copy of the IBAN number;
- Copy of the Authorized Signatories Certificate or the Extract of the Commercial Register; as the case requires; and
- Copy of the personal identification card of the authorized signatory;

c) Non-Residents of Kuwait Subscribers

- Non-resident subscribers (whether corporates or individuals, as the case may be) are required to provide the equivalent of the aforementioned documentation as issued by their jurisdictional authorities if they do not have Kuwaiti issued documentation as highlighted further above.

Cash will not be accepted. The Subscription Monies must be paid in full upon submitting the Subscription Application Form on the Subscription Website by authorizing a debit of the appropriate amount from the subscriber's account with the Bank, or by bank transfer. Subscription amounts will be deposited in full in the Issuer's bank account designated by the Issuer (the "**Subscription Bank Account**"). The Subscriber must, in any event relating to the Issue Shares or the Additional Issue Shares, ensure that the bank debit or the bank transfer has been processed from their respective bank account and that the subscription account with the Issuer has been credited with the appropriate amount at the time of the submission of the Subscription Application Form to the Clearing and Depositary Agent.

Without prejudice to the other grounds of rejection of the Subscription Application Forms, the Subscription Agents, the Clearing and Depositary Agent and the Bank shall have the right to reject the Subscription Application Form in the event the Subscription Monies are not received in the subscription account at the time of submission of the Subscription Application Form to the Clearing and Depositary Agent.

8. Applicant Declarations

By completing and submitting the Subscription Application Form, the Subscriber:

- agrees to subscribe to a number of Issue Shares set forth in the Subscription Application Form that is final and irrevocable;
- warrants that he has read and carefully studied this Prospectus and understands all of its contents;
- accepts the Memorandum and Articles of Association of the Issuer and all of the Offering Terms and Conditions mentioned in this Prospectus;
- accepts that the Issuer and the Clearing and Depositary Agent shall have the right to refuse any unsatisfactory, incomplete or unclear Subscription Application Form or for any of the reasons set forth in this Prospectus;
- accepts the number of Issue Shares allocated to him (to a maximum of the amount he has subscribed for) and all other instructions of subscription stated in the Subscription Application Form and this Prospectus;
- undertakes that he will not cancel or amend the Subscription Application Form after submission to the Clearing and Depositary Agent; and
- the corporate subscriber declares, at his full responsibility, that he obtained all the authorizations and consents required pursuant to his Memorandum and Articles of Association or pursuant to the law, in order to enable him to apply for the subscription and to perform his obligations in accordance to the terms and conditions contained in the Prospectus and to transfer his Pre-emption Right, including the consent of his Board of Directors or the General Assembly, as the case may be, in respect of shareholding companies.

9. Declining Subscription Application Forms

The Issuer and the Clearing and Depositary Agent, and the Subscription Agents reserve the right, free from any liability, to reject, in full or in part, any Subscription Application Form in the event any of the forms are not compliant with the applicable laws, or any of the subscription terms and conditions are not met or the instructions are not duly and punctually followed including without limitation, the failure to accompany the Subscription Application Form with the appropriate proof of payment, the non-payment by the Subscriber of the full amount of the Subscription Monies at the time of submitting the Subscription Application Form or if the amounts are transferred after the closing of the subscription period, or the inaccuracy or the invalidity of any information contained in the Subscription Application Form or the failure of the Subscription Application Form to comply with or follow any terms or requirements set forth under this Prospectus or in the Subscription Application Form. In the event where any Subscription Application Forms are rejected, then any Subscription Monies related to the rejected Subscription Application Form shall be refunded to the concerned Subscriber within a period of five (5) business days from the date of announcement of the final allocation.

10. Subscription Application Form

During the Pre-emption Right Subscription Period, the offering of the Issue Shares is restricted to Initial Eligible Subscribers only. Initial Eligible Subscribers who would like to participate in the Offering can submit the Subscription Application Form during the Pre-emption Right Subscription Period on the Subscription Website. Each Eligible Shareholder shall have the right to subscribe for approximately 776 Issue Shares for every 10,000 Existing Shares that he owns at the Record Date, i.e. approximately 7.76% of their Existing Shares ownership.

In the event the subscription period is extended beyond the Pre-emption Right Subscription Period, any Subscriber who would like to participate in the Offering can submit their Subscription Application Form during the Public Offering Subscription Period on the Subscription Website.

A Subscriber must specify on the Subscription Application Form the number of Issue Shares he wishes to subscribe to and transfer the Subscription Monies.

Each Subscriber who is participating in the Offering must agree to the terms and conditions and provide all relevant information for the Subscription Application Form. The Issuer, the Subscription Agents, and the Clearing and Depositary Agent reserve the right, free from any liability, to reject, in full or in part, any Subscription Application Form in the event any of the subscription terms and conditions are not met or the instructions are not duly and punctually followed including without limitation, the failure of the Subscription Application Form to comply with the applicable laws and regulations, the non-payment by the Subscriber of the full amount of the Subscription Monies, the inaccuracy or the invalidity of any information contained in the Subscription Application Form or the failure of the Subscription Application Form to comply with or follow any terms or requirements set forth under this Prospectus or in the Subscription Application Form. Amendments to and withdrawal of the Subscription Application Form shall not be permitted once the Subscription Application Form has been submitted. Furthermore, the Subscription Application Form shall, upon submission, represent a legally binding agreement between the Subscriber and the Issuer.

The Subscription Application Form and all relevant terms, conditions and undertakings shall be binding on the Subscribers and their assignees, executors, estate managers and beneficiaries, unless specifically stipulated otherwise in this Prospectus. The Subscriber must accept whatever number of Issue Shares are allocated to the Subscriber in accordance with the terms of the Offering.

The Offering, terms and conditions, and receipt of the Subscription Application Form and contracts and all matters arising therefrom shall be subject to the laws of the State of Kuwait and must be interpreted and applied in accordance therewith. The Courts of Kuwait have exclusive jurisdiction over any matter related to the Offering, the Subscription Application Form, and contracts and all matters arising therefrom.

All Subscribers must read the instructions relating to the Offering carefully before submitting the Subscription Application Form. Signing the Subscription Application Form shall be considered agreement to and acceptance of the Offering Terms, Conditions and Instructions.

11. Eligible Shareholders who do not Subscribe to the Issue Shares

Eligible Shareholders who do not subscribe to the Issue Shares shall be subject to a reduction in the proportion of their equity in the Issuer as well as a reduction in the value of their Issued Shares. Owners of Transferred Pre-emption Rights who do not exercise their right to subscribe to the Issue Shares prescribed for these rights, shall waive the price paid by them in exchange for these rights without having the right of any recourse against the Bank, the Subscription Agents, or the Clearing and Depositary Agent for any claim or compensation.

12. Owners of Transferred Pre-emption Rights in the case of Retraction of Capital Increase

In the event of retracting the capital increase, the Owners of Transferred Pre-emption Rights will not be able to exercise their right to subscribe to the Issue Shares, which will lead to the loss of the price that the Owners of Transferred Pre-emption Rights paid for the Pre-emptive Right without having the right of any recourse against the Bank, the Subscription Agents, or the Clearing and Depository Agent for any claim or compensation.

13. Allocation and Refund of Surplus

The Issuer shall announce the final allocation not later than five (5) business days (which is a day (other than a Friday or a Saturday) which is not a public holiday and on which the banks are open for business in Kuwait) from the date of closing of the Pre-emption Right Subscription Period (or in the case in which all Issue Shares have not been fully subscribed for by the Initial Eligible Subscribers during the Pre-emption Right Subscription Period from the date of closing the Public Offering Subscription Period), and will refund the surplus Subscription Monies, without any interest, fees or deduction by the Bank, within five (5) business days from the date of announcement of the final allocation.

The surplus amounts will be refunded without any interest, fees or deductions. Subscribers should contact the Issuance Managers and the Subscription Agents to obtain further information.

14. Convertibility of offered shares

The Issue Shares cannot be converted into another form of securities.

15. Tradability of the Issue Shared and Pre-emption Rights

Pre-emption Rights may be traded or assigned free of charge without restriction and in accordance with the applicable rules of Boursa Kuwait and the Kuwait Clearing Company. Approval of this Prospectus constitutes approval of the listing and trading of priority rights during the Subscription Period for the Issue Shares, and the listing shall be canceled when the Bank discloses the results of the Subscription to the capital increase.

Following the close of the Subscription Period, the final allocation of the Issue Shares and completion of all the necessary regulatory procedures, a statement of Issue Shares will be made and the Issue Shares will be listed and traded on Boursa Kuwait without any restrictions in the same fashion as the Existing Shares.

16. Expected Timetable

Event	Date
Record Date	26 October 2023
Ex-Date	24 October 2023 (i.e. two (2) trading days prior to the Record Date according to the T+3 settlement cycle)
First Subscription Period Allocated for the Issue Shares during the Pre-emption Right Subscription Period	From 29 October 2023 to 12 November 2023 (inclusive)
The Period for Trading Pre-Emptive Rights	From 29 October 2023 to 5 November 2023 (inclusive)
Second Subscription Period Allocated for Issue Shares during the Public Offering Subscription Period (if any)	From 19 November 2023 to 3 December 2023 (inclusive)
Allocation of Issue Shares	Within five (5) business days of the date of the closure of the First Subscription Period or the Second Subscription Period (if any).
Refunding subscription amounts to Subscribers	Within five (5) business days of the date of announcement of the Allocation of the Issue Shares date.
Trading Issue Shares on Boursa Kuwait	The Issue shares will be listed on Boursa Kuwait following completion of all necessary regulatory procedures.

BASIS OF CALCULATION OF SHARE PRICE AND PREMIUM

The Bank has appointed an independent asset valuer BDO for Economic, Administrative, Industrial and Computer Consulting, and Opening Private Training Institutes W.L.L (“BDO”) certified by the Capital Markets Authority to evaluate the fair value of the net equity of Gulf Bank K.S.C.P. for the purpose of increasing the capital and for the purpose of submitting an independent report to the Capital Markets Authority.

The Issue Price is set at 230 fils, i.e., 130 Kuwaiti fils above the nominal value of 100 fils per share, based on a valuation report (the “**Valuation Report**”) prepared by an independent asset valuer licensed by the Capital Market Authority (BDO) to assess the fair value of its shares in relation to the Offering. The independent Valuation Report was prepared as at 30 June 2023 (the “**Valuation Date**”) and was provided to the Capital Markets Authority.

According to the Valuation Report, the valuation range for the Issuer is between 233 fils per share to 613 fils per share. The Offering price offers a 35.57% discount to the weighted average share price of 357 fils per share. BDO has approved the use of its findings contained in the Valuation Report in this Prospectus and that the conclusions contained in the Valuation Report remain valid.

It should be noted that several valuation methods have been used to derive the valuation range based on the audited financial statements of the years 2018, 2019, 2020, 2021 and 2022 and the Interim Condensed financial statements as at 30 June 2023 of the Issuer and information available in the public domain from reliable third-party sources.

These methods are summarized as follows:

1. Market Valuation Methodology: This method mainly uses Market Multiples, Volume weighted average price model (VWAP) and Market Capitalization
2. Cost Methodology: This method uses Adjusted Net Asset Value
3. Income Methodology: This method mainly uses Discounted Cash Flows (“DCF”) and Discounted Net Residual Income Valuation model (“DNRI”)

The below table summarizes the findings of the independent valuation prepared by BDO, which has been deemed an indicative fair value:

Valuation Approach	Indicative Value	Indicative unweighted fair value per share	Weightage	Contribution to indicative weighted average fair value per share
	KD*000s	Fils	%	Fils
MARKET APPROACH				
Value of the Bank as per market capitalization method – Benchmark	890,549	265	20%	53
Value of the Bank as per Volume weighted average price model (VWAP)	1,044,132	311	15%	47
Value of the Bank according to Trailing P/Book value multiple	781,969	233	10%	23
Value of the Bank according to Trailing P/Earnings multiple	886,519	264	5%	13
Weightage assigned for Market Approach			50%	
COST APPROACH				
Adjusted Net Asset Value (NAV)	1,280,475	381	33%	126
Weightage assigned for Cost Approach			33%	
INCOME APPROACH				
Discounted Cash Flow (DCF)	2,059,559	613	11.39%	70
Discounted Net Residual Income Valuation Model	1,513,915	450	5.61%	25
Weightage assigned for Income Approach			17%	
Indicative weighted average fair value of the Bank			100%	357

No. of outstanding shares of capital: 3,360,561,006

USE OF OFFERING PROCEEDS

The capital increase proceeds will be used for the following objectives:

The proceeds from the Offering will be used by the Issuer to enhance the Bank's capital adequacy ratio under the regulatory framework and for general corporate purposes. It should be noted that the Bank shall be responsible for settling all costs relating to the Offering.

INFORMATION ABOUT THE ISSUER

Overview:

Gulf Bank K.S.C.P. (the “**Bank**” or “**Gulf Bank**”) a public shareholding company, is one of the leading conventional banks in Kuwait with KD 6.9 billion in total assets as of 30 June 2023 and provides a wide range of services including consumer banking, wholesale banking, treasury, and investment services through its large network of over 50 branches and over 300 ATMs, that are strategically positioned in key locations in Kuwait in addition to point of sale (“**POS**”) terminals, tele-banking, internet banking and mobile banking. The company was incorporated in 1960 and listed on Boursa Kuwait (formerly known as the Kuwait Stock Exchange) in 1984. The company is headquartered in Kuwait City, Kuwait.

As of 31 December 2022, the total deposits including deposits from Financial Institutions amounted to KWD 5.0 billion while net loans and advances reached KWD 5.1 billion. The Bank’s profit for 2022 was KWD 61.8 million.

Registered office:

Gulf Bank’s registered office is at Mubarak Al Kabeer Street, P.O. Box 3200, Safat 13032, Kuwait City and its telephone number is +965 22449501. Its commercial registration number with the Kuwaiti Ministry of Commerce is 8347.

Objectives as per the articles:

The Extraordinary General Assembly of Gulf Bank’s Shareholders, at its 41st annual meeting held on Saturday 18 March 2023, approved the following objectives of the Bank:

1. Conduct all banking and commercial banks business activities, dealing in shares, bonds, and securities, in all aspects of legal disposition, all other business activities which banks and financial institutions are allowed to transact by law.
2. Accept cash deposits, pay against commercial papers and orders drawn on the bank by depositor with the amounts deposited to their account.
3. Obtain funds by issuing lending bonds.
4. Buy and sell gold bullions, foreign currencies, grant advances thereon, and buy and sell their assignments.
5. Issue, purchase, re-issue assignments, bills, lending bonds, coupons, and all commercial and industrial bonds, and invest capitals.
6. Lend, grant advances, credits and all bank facilities.
7. Grant advances on bills of lading, transport notes, and fund delivery notes in Kuwait and abroad.
8. Collect amounts of transfers, bills, commercial papers, bills of lading, and other notes, and issue secured or unsecured guarantees.
9. Act as savings and family fund bank.
10. Buy and sell securities for the Bank’s own account.
11. Take custody of all types of currencies, precious metals, and other properties, bonds, parcels, bundles, and leasing private metal safe deposit boxes.
12. Purchase and import devices, fittings, and equipment necessary to implement the company’s objects.
13. Own movables and real estate properties necessary to proceed on its activity within the limits permitted by law.
14. Utilize the financial surpluses available with the company by investing the same in financial portfolios managed by specialized companies and entities.
15. Investment Portfolio Manager.
16. Investment Advisor.
17. Investment Controller.
18. Subscription Agent.
19. Custodian.
20. Establish or participate in establishing new companies or provide financing to existing companies.
21. In general, to carry out all banking and other commercial works and services permitted by applicable laws, regulations, bylaws, current customs of banks and financial institutions and this Memorandum of Association; as well as all works and services necessary for the attainment of its objects or that are incidental or conducive to or related thereto, whether directly or indirectly.

The company may practice the above activities in the State of Kuwait or abroad, originally or by agency. The company may also have interest in, or participate, in any manner, in the companies or institutions that run similar business activities or cooperate to achieve its objects in Kuwait or abroad, and to merge thereto, acquire or annex those entities, all in accordance with the provisions of the law and these Articles, as it is imperative to obtain CBK’s prior approval. In case of merger, it is imperative to obtain a prior license from the Minister of Finance.

Listing:

The Bank was listed on Boursa Kuwait on 29 September 1984.

Authorized and Paid-up capital:

As of 30 June 2023, the Bank had an authorized share capital of KWD 486,056,100.600 comprising of 4,860,561,006 shares of KWD 0.100 each.

As of 30 June 2023, the Bank had an issued and paid-up share capital of KWD 336,056,100.600 comprising of 3,360,561,006 shares of KWD 0.100 each.

Ownership:

As of 1 October 2023, the following shareholders had holdings in excess of 5.0% in the Bank's issued ordinary share capital and are required to disclose such shareholding pursuant to the CMA Rules:

Name	Country of incorporation	Primary business	Holding (%)
Group of Kutayba Yusuf Ahmad Alghanim (Alghanim Trading Co. WLL)	Kuwait	General Trading and Contracting	32.75%
The Public Institution for Social Security	Kuwait	Government entity	7.19%
Behbehani Investment Company	Kuwait	Investment	5.47%
Total			45.41%

Brief description of the Group exerting control – Alghanim Trading Co. WLL:

Alghanim Trading Co. W.L.L was incorporated in 1979 and is owned and controlled by Kutayba Yusuf Ahmed Alghanim who owns 99.975% of the capital of Alghanim Trading Co. W.L.L. The balance of 0.025% is owned by AI Universal for Sale and Purchase of Shares and Bonds an entity also controlled by Kutayba Yusuf Ahmed Alghanim.

Kutayba Yusuf Ahmed Alghanim controls and is the Chairman of Alghanim Industries Group Holding Co K.S.C.C a parent company of Alghanim Industries. Alghanim Industries is one of the largest and oldest, privately owned companies in the Gulf region. They manage over 30 businesses with a commercial presence in more than 30 countries, mainly in the region, India and South East Asia. Alghanim Industries is currently active in several key segments. Automotive, Retail, Distribution, F&B, Industrial and Services.

Subsidiaries:

As of 14 December 2022, the Bank has obtained the CBK approval to establish a fully owned investment subsidiary. The Bank and its subsidiary are together referred to as (the "Group").

During the 2022 Annual General Meeting, Gulf Bank obtained the shareholders' approval to act as an investment advisor and deliver advisory services in accordance with the laws and regulations of the Central Bank of Kuwait ("CBK") and the Capital Markets Authority. Subsequently, the Bank obtained the CBK approval to establish a fully owned investment subsidiary. Several important appointments were made to fill various key positions of the proposed investment company, including the CEO position. The Bank obtained an initial approval from Capital Market Authority to finalize the establishment procedures. The investment subsidiary activities will be focused on asset management and advisory services, both will be complementary activities to the Bank, where it will enhance customer offerings predominantly for its private and corporate banking clients. The Bank believes this complementary business will have a positive impact on its fees and commission income over the long run.

Business Divisions

Gulf Bank currently operates through three segments:

1) Wholesale Banking:

Wholesale Banking has a comprehensive suite of wholesale, commercial and Small and Medium Enterprise (SME) banking products and services. These include transaction banking, Merchant Banking and Cards. As of 31 December 2022, this segment accounts for 58% of the Bank's gross customer loan book.

2) Consumer Banking:

Consumer Banking principally 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, credit and debit cards, and deposits. As of 31 December 2022, this segment accounts for 42% of the Bank's gross customer loan book.

3) Treasury and Investments:

Treasury activities involve the provision of money market, trading and treasury services and the management of the Bank's funding operations through the use of treasury bills, government securities and placements and acceptances with other banks. Investment activities encompass managing Gulf Bank's proprietary investments and offer investment products to clients. As of 31 December 2022, this segment accounts for 22.04% of the bank's total assets.

1) Wholesale Banking:

A) Domestic Corporate Banking

Gulf Bank is engaged in providing its domestic corporate clients a range of commercial banking products and services, including loans, overdrafts, trade finance, letters of credit and guarantee, contract financing, foreign exchange, hedging products and a variety of current and deposit accounts.

The Kuwait-based corporate banking clients are divided into four business segments which are served by separate commercial, contracting, financial markets and middle market divisions, that are staffed by teams of industry focused relationship managers dedicated to the needs of their clients.

Commercial division: The commercial division targets major Kuwaiti companies operating across the trading, manufacturing and services sectors and active across a range of business activities, principally including the telecommunications and information technology ("IT"); industrial; food; electronics; building materials; oil and petrochemical; automotive; education; transportation; furniture and textile retail; and healthcare sectors.

Contracting division: The contracting division serves Kuwaiti clients involved in both Kuwaiti government and private sector projects such as civil; electromechanical; infrastructure; power and oil-related works.

Financial markets division: The financial markets division has two principal operating units: the share finance unit and the real estate finance unit. The share finance unit principally serves Kuwaiti investment companies and high net worth individuals. The real estate finance unit serves the banking needs for real estate finance transactions.

Middle markets division: The middle markets division offers its Kuwaiti-based medium-sized clients flexible banking solutions revolving around cash and non-cash facilities, tailored to the client's needs and based on an extended assessment of the client's business. Middle market clients principally comprise retailers, trading companies and companies operating in the services and commercial sectors.

Corporate SME: Gulf Bank's business banking team caters to the banking needs of SMEs in Kuwait with an annual turnover of up to KWD 1.5 million and focuses on three priority sectors: 1) importing, contracting and fabrication; 2) domestic retail trading sector; and 3) service sectors. A range of payment, account and foreign exchange services, working capital, term finance and trade finance services tailored to meet the customer's needs are available to Gulf Bank's SME customers.

Transaction Banking: The Transaction Banking department is responsible for the development and roll out of products and services serving the needs of Gulf Bank's corporate customers in the areas of Trade Finance, Payment Solutions and Cash and Liquidity Management. The unit develops Bank-wide IT improvements to Gulf Bank's e-banking products as well as specific tailor-made solutions for larger corporate clients.

B) International Banking:

The International Banking Department is responsible for the international lending activities. The sub-divisions focus on international clients in the oil, multinational trade and financial services sectors.

Multinational and Oil division: The Multinational and Oil division is responsible for conducting transactions related to multinational and oil sector counterparties. The division services the domestic and international needs of multinational corporations operating in Kuwait and the rest of the GCC region. These companies operate across a broad range of sectors and have diverse and frequently complex needs. The division works with its clients to tailor solutions that fit their needs using a range of financing products including traditional working capital finance, project-specific finance, general purpose loans, letters of credit and guarantees. Additionally, the Division supports both Kuwaiti and non-Kuwaiti companies active in the Kuwaiti oil sector or bidding for oil projects or contracting oil-related business in Kuwait. The services provided include the full array of corporate banking products offered by Gulf Bank.

2) Consumer Banking:

Gulf Bank offers its consumer banking customers a wide range of banking services, including:

Deposits: Gulf Bank has a complete range of deposit products including current, savings and time deposit accounts. In addition, it offers a market leading draw account, named Al Danah, which is non-interest bearing but features daily, quarterly and annual draws to allow customers to win cash prizes. In addition, there are various packages for young Kuwaitis and salaried customers.

Loans and credit cards: Gulf Bank's loan products include consumer and instalment loans with repayment terms extending up to five years and 15 years, respectively. Gulf Bank also provides a range of Visa and MasterCard credit, prepaid and debit cards. These cards are aimed at different customer segments based on income and offer a range of benefits that vary based on the card type. In addition, the bank has introduced its "Gulf Points" program, the fastest and most rewarding program in Kuwait that gives its clients valuable points to use for free airline travel, hotel accommodation plus special seasonal packages.

Additional range of more general consumer banking services are offered by Gulf Bank, including bill payments, remittances, foreign exchange, safe deposit boxes, electronic funds transfer and online trading.

Gulf Bank offers its consumer banking products and related services in Kuwait through an integrated distribution network comprising branches, ATMs and other remote banking platforms. In addition, Gulf Bank has a direct sales force which markets its consumer products and services to its customers.

Wealth Management: Gulf Bank Wealth Management offers customized services and products designed to cater to high net-worth & Ultra high net-worth clients as well as those seeking distinctive banking solutions. The Wealth Management services are exclusively available to Gulf Bank's Private and Priority Banking clients, who benefit from dedicated and highly experienced Private and Priority Bankers.

These Relationship Managers possess an in-depth understanding of their clients' unique financial requirements, enabling them to deliver tailored solutions crafted to preserve and enhance their clients' wealth. Simultaneously, they identify exceptional investment opportunities that align with their clients' financial aspirations.

Distribution channels: Gulf Bank's principal distribution channels comprise:

Branch network: Gulf Bank has the third largest branch network in Kuwait with over 50 branches across the country as of 31 December 2022.

Telebanking: Gulf Bank introduced automated banking by telephone to its customers and opened its 24/7 call center in 2000. This call center can be used by customers to conduct almost all the transactions that can be affected at a branch, including applying for loans and credit or debit cards and making transfers between accounts.

Online banking: Gulf Bank commenced offering online banking to its customers in 2001. The services provided through the online banking platform include account balances, history and transaction detail enquiries, funds transfers, bill payments, online trading, foreign exchange and interest rate enquiries, online credit card applications, cheque book ordering and statement requests.

Mobile banking: Since 2001, Gulf Bank's customers have been able to use mobile banking services that provide regular account updates and SMS alerts to registered mobile phone users and through which they can conduct a large range of banking services, such as balance enquiries, bill payments, funds transfers and statement and cheque book requests.

Gulf Bank has an integrated customer service unit which co-ordinates customer service improvements, promotes a culture of customer service throughout its operations and acts as the focal point for dealing with customer complaints.

3) Treasury and Investments:

A) Treasury:

The Treasury group is primarily responsible for managing Gulf Bank's assets and liabilities and liquidity requirements and the Bank's interest rate, liquidity and foreign exchange risk profile. It acts under the supervision of the Assets and Liabilities Committee ("ALCO"), which monitors and reviews all aspects of Gulf Bank's liquidity profile, asset and liability structure and internal and statutory ratio requirements.

In addition, Gulf Bank's treasury group manages the money market books and money market funding positions for Gulf Bank's own account to fund its domestic and international foreign currency assets. As a matter of general policy, these positions do not contain any material element of interest rate risk. The bank also undertakes a wide range of foreign exchange business, across both spot and forward markets, largely on behalf of Gulf Bank's corporate customer base and conducts a limited amount of proprietary foreign exchange trading within the constraints of what Gulf Bank considers to be prudent risk guidelines. Gulf bank also maintains a portfolio of Kuwaiti government treasury bills and bonds to meet CBK statutory requirements and to manage surplus domestic currency liquidity.

Financial Institutions and Sovereign Division: The Financial Institutions and Sovereigns team facilitates solutions for both Consumer and Corporate clients, allowing for efficient Trade Finance Services as well as Straight Through Processing of global payments in line with international regulations. With access to global correspondent banks and longstanding mutually beneficial international banking relationships, the division also provides various funding solutions to support the diversity of the Bank's funding sources.

The Financial Institutions and Sovereign division continues to accelerate its business activity through lending, borrowing, correspondent banking activities as well as facilitating trade related transaction throughout the year. In line with the Bank's initiatives related to ESG, Financial institutions and Sovereign participated in an ESG related transactions in 2022 which provides incentivized pricing to our client in the syndicated facility based on its ESG performance and KPIs.

On the digital transformation front, the department has been preparing for the core banking system by aligning all its product offering with the new and enhanced capabilities which will lay the foundation for further growth and enhanced customer experiences. Over the past year the team has doubled in size with 100% young local talent acquisition all of which have received certified credit training as our believe in human capital development within the Bank and the department.

B) Investments:

The key focus of Gulf Bank's Proprietary Investment activities is to support the liquidity needs of the Bank, diversify income streams, and generate returns within the Bank's risk appetite. In 2022, the activity was mostly focused on managing the existing investment portfolio of listed and unlisted equities as the environment for fixed income products was not favourable. On the other hand, Gulf bank is licensed by the Kuwait Capital Markets Authority, to offer investment products to the Bank clients. Gulf Bank's Fiduciary activities include carrying out portfolio management services, custody services, investment controller and investment advisory and manages assets.

The Bank also acts as a selling agent for local funds and a Fiscal and Paying agent for several local corporate bonds. Additionally, the Investment Advisory unit is comprised of Investment Managers registered with the Capital Markets Authority Kuwait providing professional financial advice to Gulf Bank clients with a fiduciary duty to assist and manage client portfolios enabling them to reach their financial goals.

The WISE Investment Service is Gulf Bank's flagship digital platform allowing clients to invest in international markets through Exchange Traded Funds "ETFs".

In addition, Gulf Bank provides Investment Banking and advisory services to its customers. This unit is responsible for the origination, execution and distribution of transactions relating to capital markets transactions, structured and syndicated financing, project financing, restructuring and corporate finance advisory services. The unit is staffed by a team of investment banking specialists.

STRATEGY

Gulf Bank 2025 Strategy

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's 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.

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 2025 Strategy is based on Six Strategic Pillars and Three Strategic Foundations.

Pillars	Foundation
1. Corporate	1. People
2. Consumer	2. Risk
3. Treasury	3. Technology
4. Digital Banking	
5. Wealth	
6. Inorganic Growth	

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
- Developing the Bank's digital banking platforms to improve services and increase competitiveness.

Digital Transformation Strategic Focus

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.

Tailored Customer Offering

- 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".

Sustainability

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.

Gulf Bank alignment with Kuwait Vision 2035

The banking sector plays a vital role in implementing Kuwait's 2035 vision. Kuwait's 2035 vision focuses on transforming Kuwait into a regional and international financial and trade hub, making it more attractive to investors. According to the Vision, the private sector leads the economy, creating competition and promoting production efficiency. In this regard, we have aligned our strategy elements with New Kuwait 2035 Vision.

	<i>New Kuwait 2035</i>	<i>Gulf Bank</i>
<i>Creative Human Capital</i>	Reform the education system to better prepare youth to become competitive and productive members of the workforce	The launch of the Data Ambassadors program, as the first program in Kuwait targeting 10% of the bank's team on data science and prepare productive members for future industry changes with data and technology innovations.
<i>Sustainable Diversified Economy</i>	Develop a prosperous and diversified economy to reduce the country's dependency on oil export revenues	Gulf Bank strategy continues to support & engage with the SME sector in Kuwait through a "one-stop shop" by providing lending & non-lending products & services on a sustainable basis. Introduce world-class transaction banking and other new products.
<i>Strong Progressive Infrastructure</i>	Develop and modernize the national infrastructure to improve the quality of life for all citizens	Seeking to play an important role in providing financial advice and solutions for New Kuwait projects. Gulf Bank is a leading provider of financial services to the Engineering, Procurement and Construction industry with expertise in contract financing.
<i>High Quality Healthcare</i>	Improve service quality and develop national capabilities in the public healthcare system at a reasonable cost	Active in financing hospital construction, specialized medical institutions, medical equipment & medicine suppliers. Focusing on staff health & wellbeing by providing insurance, promoting sporting events & by engaging with medical bodies such as the Heart Institute & Diabetes Centre.
<i>Sustainable Living Environment</i>	Ensure the availability of living accommodation through environmentally sound resources and tactics	Gulf Bank has identified a range of environmental & social issues (climate change, conservation, customer protection, data privacy, etc.). Gulf bank has kicked off the digitization project of all bank reports to reduce printing of regular reports.

CORPORATE GOVERNANCE

In September 2019, CBK issued amendments to Corporate Governance instructions focusing on (a) Independent Board members, (b) Information Security systems and Cyber Security Risks, (c) Risk governance framework built on the premise of 3 lines of defense, and (d) Compliance Governance.

The Bank under the leadership of its Chairman and Board of Directors is fully committed to the implementation of the new rules on Corporate Governance of 2019 as announced by the CBK.

Stakeholder Definition:

In line with best practices, the Bank includes the following among its key stakeholders:

- Customers & Depositors;
- Shareholders;
- Regulators;
- Board of Directors and Executive Management;
- Employees;
- Suppliers & Service Providers;
- Local and correspondent banks; and
- The Community where the Bank operates.

Policies & Procedures:

The Bank has adopted a comprehensive framework of Corporate Governance Guidelines, designed to properly balance performance and conformance. This enables the Bank to undertake, in an effective manner, the prudent risk-taking activities which are the basis for its business. The Bank's corporate governance framework is subject to ongoing review and assessment.

Roles & Responsibilities:

The Bank's Corporate Governance Manual clearly distinguishes between the Board and Executive roles and intermingling of roles is not allowed. There are clear descriptions of the roles of the Chairman, Chief Executive Officer (CEO), Chief Risk Officer (CRO), Board Affairs, Chief Internal Auditor (CIA) and Chief Financial Officer (CFO). The independence of key executive roles has been assured through appropriate reporting lines. The Board provides oversight to key roles within the Bank and the CBK also protects key positions in the Bank so as to ensure their independence.

Governance Structure – Overview:

Gulf Bank has a strong and well-established corporate governance framework. We maintain a high-class corporate governance framework that protects our customers, shareholders and the reputation of the Bank. Strong and explicit corporate governance structure underpins our integrity and promotes economic growth by reinforcing the trust and confidence our shareholders and investors place in us.

The corporate governance framework in place is proactive and aligned with the Bank's strategic objectives. The framework is based on the prevailing laws and the rules and regulations emanating from the Central Bank of Kuwait and other regulators. The framework is regularly reviewed and adjusted to reflect changes in the bank's businesses, regulation and external environment.

The Bank's Corporate Governance structure stresses the engagement of the Board of Directors in monitoring the performance of the Executive Management and the overall activity of the Bank. The Corporate Governance structure also stresses the clear segregation between the Board's and Executive Management's prerogatives and establishes clear checks and balances in this respect.

The corporate governance structure is further driven by proactive risk management policies, appropriate delegation of power mechanisms and clear accountability yardsticks. The Bank believes that organizations that attach equal importance to performance and culture achieve exceptional results over time. To enhance a governance culture across the different business units, the Bank organizes continuous training and awareness campaigns to update management and staff about corporate governance in line with global best practices and local regulatory requirements.

The Bank's corporate governance structure sets clear boundaries and responsibilities for the operation of the Board of Directors, Board Committees, Executive Committees and supporting Management Committees.

1. Executive Governance Structure:

The modus operandi of Executive Governance is reflected in the committees operating at the Executive level. These include credit committees, risk committees and several other committees set out in the chart below:

Credit Committees	Management Committees
<ul style="list-style-type: none">• Executive Credit Committee• Management Credit Committee• Remedial Credit Committee• Classification & Provisions Committee• Consumer Banking Credit Committee• Wealth Management Credit Committee	<ul style="list-style-type: none">• Executive Risk Committee• Asset & Liability Committee• Fraudulent Cases Review Committee• Internal Controls Governance Committee• IT Steering Committee• Policy and Procedure Committee• Wealth Management Governance Committee• Executive Product Committee• Tender Committee• Project Governance Committee• Suspicious Transaction Reports Review Committee• Technology Risk & Information Security Management Committee

2. Board Governance Structure:

The Board of the Bank has formed five Committees which look after dedicated areas of the Bank. Each of the committees has its own bylaws approved by the Board with its own Chairman, Deputy Chairman, Member, Secretary and other attendees.

a. Board Risk Committee (BRC):

The Board Risk Committee's (BRC) main duties are to provide oversight of the Bank's Risk Management, ensure autonomy of the Risk Management function and enhance the effectiveness of the Board of Directors monitoring of risk issues facing the bank. The Committee reviews significant risk exposures and provides the Board with an update on the Bank's current and future risk strategy and appetite and oversees the Executive Management's implementation of the strategy. The Committee evaluates the risk exposure, concentration and tolerance limits and has authority to approve the aggregate transactional and trading limits for extraordinary or new risks. Furthermore, the Committee reviews, on a quarterly basis, credit risks rated 6 or worse and exposures which constitute more than 10% of the Bank's capital. In addition, the Committee can review any specific transaction or risk exposures and the impact analysis of any potential risks or changes in external environment that it deems relevant for the management of the risks facing the Bank and has authority to accept such risks or to instruct actions to be taken to mitigate and manage risks to ensure conformity to the Bank's risk appetite.

b. Board Audit Committee (BAC):

The Board Audit Committee (BAC) carries out its duties within the framework of governance principles and practices established by the Board of Directors. The Board Audit Committee promotes accountability of the key players and ensures that they perform in the best interest of the Bank and its shareholders to enhance shareholder value, taking into account the interests of other stakeholders. The Audit Committee's role is to assist the Board of Directors in fulfilling its oversight responsibilities. To this effect, the Board Audit Committee has been authorized to provide oversight and reasonable assurance on the financial reporting process and highlight the accounting issues of material impact on the financial statements, the integrity and adequacy of the Bank internal control and risk management system, Internal and external audit processes, effectiveness and assessment of performance, the Bank process for monitoring compliance with laws, regulations and code of conduct and, the Internal Audit function. The Board Audit Committee appraises the performance of the General manager/Chief Internal Auditor and recommends to the Board of Directors the nomination, termination, appointment and remuneration of the external auditors. Since its effectiveness is directly linked to that of the Board of Directors, the Board Audit Committee works closely with Executive Management to obtain any information required to enhance the performance of the Board.

c. Board Compliance and Governance Committee (BCGC):

The Board Compliance and Governance Committee (BCGC) oversees the overall structure of Corporate Governance in the Bank and ensures compliance with relevant CBK instructions on Corporate Governance. The Committee ensures that the depositors and shareholders' interests are protected, and shareholders' obligations are met, taking into account the interest of the other stakeholders by implementing and monitoring processes to report any conflict of interest and related party transactions.

d. Board Nomination and Remuneration Committee (BNRC):

The Board Nomination and Remuneration Committee (BNRC) ensures that all components of granting financial remuneration are compliant with the framework of enhancing the effectiveness and management of the Bank's risk management. The Board Nomination and Remuneration Committee also submits recommendations to the Board of Directors (BoD) on the nomination of Board members. The Committee reviews the nominated members' skills, capabilities and qualifications in accordance with the Bank's approved policies and standards, while adhering to the Central Bank of Kuwait's (CBK) instructions. The Committee conducts an annual review of the Board of Directors structure and draws recommendations on the changes that can be made in line with the best interest of the Bank.

Furthermore, this Committee ensures that the Board members are consistently informed on the latest banking updates and vet the soundness of the principles and practices upon which remuneration is granted.

The BNRC, with the Board Risk Committee, reviews the compensation and benefits of members of the Executive Management (as specified by CBK), including the principles and criteria used to assess their annual performance. This also includes an evaluation of the authority of the board members and their leadership characteristics. In conducting its role, the Board Nomination and Remuneration Committee annually prepares and reviews a Remuneration Grading Policy to the Board of Directors.

e. Board Credit and Investment Committee (BCIC):

The overall purpose and scope of the Board Credit and Investment Committee (BCIC) that was formed in March 2018 are to review, approve, reject or modify or conditionally approve credit proposals exceeding the authority delegated to the Executive Credit Committee and up to the legal lending limit of the Bank, except credit facilities extended to the Bank's Board members as per CBK guidelines. BCIC is also empowered to approve all investments or divestments above the delegated authority of lower level committees and discounts for settlements and write-offs for abandonment and discounts exceeding the authority delegated to the Executive Credit Committee. BCIC has also the authority to grant a credit delegation to the Executive Credit Committee.

3. Board Governance Structure:

The Board of Directors assumes a comprehensive responsibility for the Bank's activity, including setting, overseeing, and monitoring the implementation of the Bank's strategic objectives, risk strategy and corporate governance. The Board is also responsible for overseeing the Executive Management's performance.

The Board's core responsibilities include the following:

- Monitor the Bank's business, financial soundness and compliance with regulatory and legal requirements;
- Set out the Bank's strategic objectives and oversee the performance of the Executive Management;
- Preserve the interests of shareholders, depositors, creditors, employees, and other stakeholders;
- Approve the internal control framework and ensure its proper implementation;
- Ensure that transactions with related parties are properly reviewed and vetted prior to being carried out;
- Ensure that the Bank has adequate policies and processes in place for all areas of its activity;
- Disclose reliable and timely information to the shareholders with regard to the Bank's performance and forecasts;
- Set criteria for the evaluation, compensation and succession for key management roles and
- Carry out a periodic review of the Corporate Governance practices to ensure their effectiveness.

The Board members take part in a series of training and continuing education programs. In addition to a formal induction program, the Board members receive regular bulletins designed to keep them abreast of industry progress relating to their duties and responsibilities.

Adequacy of Internal Control System:

The Board of Directors, further to CBK rules and instructions issued in September, 2019, declares and certifies that it has reviewed the internal control systems in place and confirmed their effectiveness and adequacy.

Internal controls form an integral part of the Bank's processes in its conduct of business. The Board of Directors has the overall responsibility to maintain sound internal controls and provides a broad oversight in this respect to the Executive Management. The Executive Management is responsible for the establishment and maintenance of the Internal Control Systems. The Executive management is also responsible for the ongoing improvements to the Internal Controls, through constant evaluations to meet the emerging needs and activities of the Bank and to ensure that the Bank is in compliance with applicable regulations and policies.

MANAGEMENT

Board of Directors:

The Board is made up of eleven elected members including at least four independent members. Each is elected during a shareholders' general assembly meeting for a period of three years, renewable, and the Board convenes at least six times every year and at least once per quarter in accordance with Kuwait's commercial law requirements.

The Board of Directors has overall responsibility for the Bank, including setting, overseeing and monitoring of the implementation of the Bank's strategic objectives, risk strategy, and corporate governance. The Board is also responsible for providing oversight of executive management. Shareholders elect the Board to oversee management and to assure that the long-term interests of shareholders are advanced responsibly.

The Chief Executive Officer (CEO) will be appointed by the Board of Directors for the management of the Bank. The roles of the CEO and Chairman of the Board of Directors are independent with clearly defined responsibilities.

The table below shows the names of the members of Board of Directors as of the date of this Prospectus:

	Name	Position
1.	Jassim Mustafa Boodai	Chairman
2.	Ali Morad Behbehani	Deputy Chairman
3.	Omar Hamad AlEssa	Board Member
4.	Bader Nasser AlKharafi	Board Member
5.	Abdullah Sayer Al-Sayer	Board Member
6.	Dr. Fawaz Mohammad Al Awadhi	Board Member
7.	Barrak Abdulmohsen Al Asfour	Board Member
8.	Reem Abdullah Al Saleh	Independent Board Member
9.	Ahmad Mohammed Al Bahar	Independent Board Member
10.	Dr. AbdulRahman Mohammad Al-Taweel	Independent Board Member
11.	Talal Ali Al Sayegh	Independent Board Member

*Note: There are no familial relationships between the Issuer's Board of Directors.

I. Jassim Mustafa Boodai

Chairman, Board of Directors

Chairman, Board Compliance and Governance Committee

Chairman, Board Credit and Investment Committee

Date of Appointment:

- Chairman - 4 March 2020 - Present
- Board Member - 17 March 2012 - 3 March 2020

Experience:

- Vice Chairman and CEO of Integrated Holding Company K.S.C.P. Kuwait
- Formerly Board Member of Kuwait Insurance Company, Kuwait
- Formerly Vice Chairman of Kuwait China Investment Company, Kuwait
- Formerly Chief Operating Officer of Boodai Corporation, Kuwait
- Formerly Vice Chairman of Hilal Cement Company, Kuwait
- Formerly Chairman of Transport & Warehousing Group Company, Kuwait
- Formerly Vice Chairman Jazeera Airways

II. Ali Morad Behbehani

Deputy Chairman of Board of Directors

Date of Appointment:

- Deputy Chairman: 15 March 2013 - Present
- Board Member: 11 April 2009 - 14 March 2013

Academic Qualifications:

BA, English Literature, Kuwait University, Kuwait.

Experience:

- Chairman - Kuwait Insurance Company.
- Board Member - National Industries Company.
- President of Morad Yousuf Behbehani Group.
- Board Member - The Kuwaiti Danish Dairy Company (K.D.D.).
- Formerly Board Member of Kuwait National Cinema Company (S.A.K.).
- Formerly Board Member of Kuwait Pipe Industries Company.

III. Omar Hamad AlEssa

Board Member

Deputy Chairman, Board Nomination and Remuneration Committee

Deputy Chairman, Board Credit and Investment Committee

Date of Appointment: 11 April 2009

Academic Qualifications:

BA in law, Faculty of Law, Kuwait University, Kuwait

Experience:

- Owner of The Law Office of Al-Essa & Partners.
- Formerly Chairman of the Kuwait Bar Association
- Formerly President of the Admission Committee of the Kuwait Bar Association.
- Formerly President of the Arbitration Center of the Kuwait Bar Association.
- Formerly President of the Development and Training Committee of the Kuwait Bar Association.
- Formerly Head of the Kuwaitization Group at the Manpower and Government Restructuring Program.
- Formerly Chairman of Kuwaiti Touristic Enterprises Company, Egypt.
- Formerly Appointed adviser to the Public Authority compensation for Iraqi invasion.
- Formerly Member of the board of Kuwaiti Association for Learning Differences.
- Founder Member of Kuwait transparency Society.
- Founder Member of Kuwaiti Association for Protecting Public Funds.

IV. Bader Nasser AlKharafi

Board Member

Deputy Chairman, Board Risk Committee

Date of Appointment: 17 March 2012

Academic Qualifications:

- Bachelor's Degree, Mechanical Engineering, Kuwait University, Kuwait.
- Master of Business Administration, London Business School, London, UK.
- Mr. Bader has completed 2 years of his Doctorate in Business Administration Program from IE Business School (Instituto de Empresa) in Madrid, Spain.

Experience:

- Mr. Bader has over 20 years of experience in the financial, banking, industrial, and telecommunication sectors.
- He began his career as an engineer in Kuwait Petroleum Corporation for approximately one year. Thereafter, he joined Al-Kharafi group in which he held several leadership positions concluding in the position of Member of the Executive Committee in the industrial sector of Al-Kharafi group.
- Mr. Bader is Chairman and member of the Board of Directors in several local and international companies operating in the financial and industrial sector, which include:
 - o Vice Chairman & Group CEO of Mobile Telecommunications Company K.S.C (Zain Group), Kuwait.
 - o Vice Chairman of Mobile Telecommunications Company, Saudi Arabia.
 - o Chairman of Gulf Cables and Electrical Industries Company, Kuwait.
 - o Chairman of Injaz Kuwait, Kuwait.
 - o Board Member in the Middle East Advisory of Coutts & Co. (United Kingdom).
 - o Board Member at Refreshment Trading Company (Coca-Cola), Kuwait.
 - o Vice Chairman of Diamond International Motors Company (Mitsubishi cars), Egypt.
 - o Board Member at Bahrain Steel B.S.C., Bahrain.
 - o Board Member at Foulath Holding B.S.C., Bahrain.
 - o Board Member at Kuwait-British Friendship Society.
 - o Board Member at the United Nations High Commissioner for Refugees (UNHCR) - “Sustainability Board”.
 - o Board Member and the Chairman of the Executive Committee at Boursa Kuwait.
 - o Chairman of National Investments Company (NIC), Kuwait.
 - o Vice Chairman of Heavy Engineering Industries & Shipbuilding Co. (HEISCO), Kuwait.
 - o Board Member at Mentor Arabia, Lebanon.
- In September 2019, BNK Automotive owned by Mr. Bader Al-Kharafi signed the new Volvo agency agreement in Kuwait, making BNK Automotive the new official exclusive importer for Volvo Cars and in 2022 BNK Automotive acquired the franchise rights for Polestar.
- In 2020, BNK Motion, owned by Mr. Bader Al-Kharafi acquired the franchise rights for Piaggio Group and Vanderhall Motor Works.

V. Abdullah Sayer Al-Sayer**Board Member****Deputy Chairman of Board Audit Committee**

Date of Appointment: 27 March 2021

Academic Qualifications:

- Bachelor of Science in Business Administration with Finance Emphasis Barry University, Miami, Florida, USA.
- Master of Business Administration with Finance Concentration, Summa Cum Laude (With Highest Honors) from Barry University, Miami, Florida, USA.

Experience:

- Board Member in AlSayer Group (2022 to date)
- Board Member in Bayan Dental (2019 to date)
- Board Member in Credit One (2018 to date).
- Senior Manager, Al Sayer Group – Al Dhow Holding Co., Kuwait (2015 to date)
- Formerly Financial Analyst in Injazzat Real Estate Dev. Co (2013-2015)
- Formerly, Analyst in Bader Al Abduljader & Partners (Russell Bedford International), Kuwait (2012-2013)
- Formerly Associate in Qunsult International Ltd, Kuwait (2012)
- With over 10 years of experience, largely in finance and investment sectors, he has played a vital role in diversification of AlSayer Group into Education, Health care and Banking sectors. He has been significant in introducing new technologies as part of the digitization process at AlSayer Group

VI. Dr. Fawaz Mohammad Al Awadhi

Board Member

Member of Board Nomination and Remuneration Committee

Member of Board Credit and Investment Committee

Date of Appointment: 7 August 2019

Academic Qualifications:

- Doctor of the Science of Law (J.S.D.) - Washington University in St. Louis (May 2021), USA
- Master of Laws (LL.M.) - University of California, Berkeley (May 2016), USA
- High Diploma - Boston University (May 2015), USA
- Bachelor of Laws (LL.B.) - Kuwait University (June 2007), Kuwait

Experience:

- Chief Legal Officer – Alghanim Industries Group (July 2020 – Present)
- Legal Affairs Director in the Public Authority for Applied Education and Training (August 2023- Present)
- Faculty Member – Legal Department – College of Business Studies (June 2016- Present)
- Vice- Chairman in the Board of Members of Takhzeen Warehousing Co. SAK(C) (August 2021 – Present)
- Vice- Chairman in the Board of Members of Ejari Real Estate Co. SAK(C) (November 2021- Present)
- Vice – Chairman in the Board of Members of Alamana Industries Co. SAK(C), (Jan 2021- Present)
- Vice- Chairman in the Board of Members of Alghanim Industries Group Holding Co. SAK(C) (Formerly/ Alamana Kuwait Holding Co. SAK(C)) (Jan 2021- Present)
- Vice- Chairman in the Board of Members of X-cite General Trading Co. SPC (March 2022 – Present)
- Manager in the Board of Managers of Alghanim International Food Co. LLC, Saudi Arabia (November 2021- Present).
- Manager in the Board of Managers of Kirby Contracting Co. LLC, Saudi Arabia (November 2021- Present).
- Manager in the Board of Managers of Al Qimma Universal for Real Estate Development Co. LLC, Saudi Arabia (November 2021- Present).
- Manager in the Board of Managers of Atara Investment Co. LLC – UAE (2020 – Present).
- Secretary General of the Kuwaiti Association for Protecting Public Funds, Kuwait (2018 – Present)
- Manager in the Board of Managers of Saudi Pipes Insulation Manufacturing Factory Co SPC LLC, Saudi Arabia (2019 – Present).
- Manager in the Board of Managers of Kutayba Yusuf Alghanim & Partner for Trading Co. SPC LLC, Saudi Arabia (2018 – Present)
- Manager in the Board of Managers of Saudi First Company for Manufacturing Insulation Materials & Steel Buildings LLC, Saudi Arabia (2018 – Present).
- Manager in the Board of Managers of Pasture Trading Co. LLC, United Arab Emirates (2018 – Present)

VII. Barrak Abdulmohsen Al Asfour

Board Member

Member of Board Risk Committee

Date of Appointment: 31 October 2020

Academic Qualifications:

- Bachelor's Degree, Business Administration (Major: Finance), Faculty of Commerce, Economics and Political Science. Kuwait University, Kuwait

Experience:

- Mr. Barrak has long experience in the international investments.
- Branch Manager then Manager at Credit Facilities Department at the Bank of Kuwait and the Middle East (BKME), Kuwait (1985 – 1989)
- Moved to the private sector since 1989.
- Board Member in 1993, then Deputy Chairman of Kuwait Gypsum Manufacturing & Trading Company from 2004 to present.
- Managing Director of Bridgestone Tiers Company W.L.L., from 1992 to present.

VIII. Reem Abdullah Al Saleh

Independent Board Member

Member of Board Audit Committee

Member of Board Compliance and Governance Committee

Date of Appointment: 25 June 2022

Academic Qualifications:

- Bachelor of Accounting from Faculty of Commerce, Economics and Political Sciences - Kuwait University, Kuwait.

Experience:

- Board Member of Gulf Inspection International Company & CEO since 2015. She joined the company in 2003 as Business Development Manager. She re-established and developed various departments and processes in the company.
- Independent Board Member of Injazzat Real Estate Development Company K.S.C.
- Since 2018, she serves as an Additional Director in AlShamali Pvt. Ltd.(India) and M/s Ever Win HR Consultants Pvt.(India).
- A consultant to Musaed AlSaleh group since 2015.
- Formerly Chairman of Kayan International Construction Co.
- Vice Chairman of Kuwait Computer Services Co.
- Vice President in the Board of Data Plus since 2018.
- She is a member of ACI Kuwait Chapter, Kuwaiti Economics Society, and Kuwait Accountants and Auditors Association.

IX. Ahmad Mohammed Al Bahar

Independent Board Member

Chairman, Board Nomination and Remuneration Committee

Date of Appointment: 31 October 2020

Academic Qualifications:

- Bachelor's Degree of Science in Business Administration, Southern Oregon State University, USA.

Experience:

- Formerly Chief Executive Officer of Gulf Custody Company (Kuwait).
- Formerly Chairman of Gulf Custody Company (Bahrain & Oman).
- Formerly, Partner in Charge – Settlement Group of The International Investor.
- Formerly, Senior Manager – Settlement Department of Kuwait Foreign Trading Con., & Investment Co. (KFTCIC).
- Formerly, Manager – Consumer Loans Department of Arab European Financial Management (AREF).
- Formerly, Chairman of First Bahrain Co.
- Formerly, Board Member of National Cleaning Co.

X. Dr. AbdulRahman Mohammad Al-Taweel

Independent Board Member

Chairman, Board Risk Committee

Deputy Chairman, Board Compliance and Governance Committee

Date of Appointment: 27 March 2021

Academic Qualifications:

- Bachelor of science in Chemical Engineering, University of Colorado, Boulder, USA
- Master of Business Administration (MBA), University of Colorado, Boulder, USA
- PhD in Business Administration - Finance, University of Colorado, Boulder, USA

Experience:

- Assistant Professor, Finance and Financial Institutions Department, College of Business Administration, Kuwait University.
- Dr. Abdulrahman has been very active in the academic and teaching profession for over 8 years, conducting various professional seminars, workshops and development programs during his career.
- He had many intellectual contributions relating to corporate finance and corporate governance in several working papers.
- Advisor to the Director General of State Bureau of Financial Controllers from 2019.

XI. Talal Ali Al Sayegh**Independent Board Member****Chairman, Board Audit Committee**

Date of Appointment: 12 September 2021

Academic Qualifications:

- Bachelor of Arts in Accounting and Auditing, Kuwait University, Kuwait
- Executive MBA in Business Administration, American University Beirut, Lebanon

Experience:

- Formerly Advisor in Al Ahli Bank of Kuwait on AML/CFT and Financial Crime issues.
- Formerly president of Kuwait Financial Intelligence Unit, Kuwait.
- Formerly Deputy Manager On-Site Supervision, Central Bank of Kuwait.
- Formerly Senior Credit Analyst in Gulf Bank, Kuwait.

Shareholding of Directors:

The number and percentage of the shares owned by each member of the Bank's Board of Directors as at 15 September 2023 are as follows:

No.	Name	Total	Percent	Type of Shares
1	Jassim Mustafa Boodai	52,600,506	1.565%	Ordinary
2	Ali Morad Behbehani	19,752,363	0.588%	Ordinary
3	Omar Hamad AlEsa	120,607	0.004%	Ordinary
4	Bader Nasser AlKharafi	134,008	0.004%	Ordinary
5	Abdullah Sayer Al-Sayer	110	0.000%	Ordinary
6	Dr. Fawaz Mohammad Al Awadhi	110	0.000%	Ordinary
7	Barrak Abdulmohsen Al Asfour	11,025	0.000%	Ordinary
8	Reem Abdullah Al Saleh	-	-	-
9	Ahmad Mohammad Al Bahar	-	-	-
10	Dr. AbdulRahman Mohammad Al-Taweel (NBK Capital - portfolio)	7,166	0.000%	Ordinary
11	Talal Ali Al Sayegh	-	-	-
TOTAL		72,625,895	2.161%	

Directors' Remuneration

KD'000	2020	2021	2022
Directors' remuneration - Cash	135	179	188
Directors' remuneration - In-Kind	-	-	-
Total Directors' remuneration	135	179	188

As 30 June 2023, the total Directors' remuneration is KD 60,000.

The estimated value of the total Directors' remuneration for financial year 2023 is KD 295,000, which is based on the Board Effectiveness Assessment's Result, market standards and the Board Nomination and Remuneration Committee (BNRC) recommendation. These are estimated expectations for the current year and subject to change according to the development of circumstances during the fiscal year.

Board confirmation of financials:

The financial results for years ending 31 December 2022, 31 December 2021, and 31 December 2020 have been audited and approved by the Bank's General Assembly Meeting of Shareholders on 18th March 2023, 22nd March 2022, and 27th March 2021 respectively. The Bank's Board of Directors have been obligated to present the financial results of the Bank in accordance with the Companies Law No. 1 of 2016 and its subsequent amendments, and the Board of Directors accepts such responsibility.

Description of Contracts entered between Directors or any Subsidiaries of the Bank:

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

The transaction and balances included in the statement of financial position are as follows:

	Number of Board Members / Executive Management			Number of Related Parties			Amount in KD'000		
	June 2023	December 2022	December 2021	June 2023	December 2022	December 2021	June 2023	December 2022	December 2021
Board Members:									
Balances									
Loans and Advances	1	1	1	11	10	10	144,132	166,370	163,558
Credit Cards	3	3	2	6	5	4	14	18	34
Deposits	8	8	8	77	77	73	48,700	42,389	72,124
Commitments/ Derivatives									
Guarantees/ Letter of Credit	-	-	-	13	13	10	43,944	32,742	7,898
Forward foreign exchange contracts	-	-	-	1	-	-	71	-	-
Transaction									
Interest Income	1	1	1	14	18	15	4,164	5,582	4,147
Interest Expense	4	4	4	14	16	13	360	564	374
Net Fees & Commissions	-	-	-	12	17	12	103	138	100
Other Expenses	-	-	-	9	12	13	822	1,764	1,257
Purchase of Equipment	-	-	-	2	2	3	153	276	162
Executive Management:									
Balances									
Loans and Advances	6	7	4	-	-	-	895	1158	207
Credit Cards	9	11	14	-	-	-	13	22	20
Deposits	14	17	15	-	-	-	3,172	4,229	2,631
Transaction									
Interest Income	6	7	5	-	-	-	24	41	9
Interest Expense	18	18	16	-	-	-	89	74	22

The loans issued to directors and executive management are repayable within CBK regulatory limits and had interest rates of 5% to 6.25% for the period ended 30 June 2023 (December 2022: 4.5% to 6.25% per annum and December 2021: 2% to 5.5% per annum). Some of the loans advanced to Board members and their related parties during the year are collateralized. The fair value of these collaterals as of 30 June 2023 was KD 66,096 thousand (31 December 2022: KD 66,821 thousand and 31 December 2021: KD 109,687 thousand).

Contracts with the Bank in which any Director has a Personal Profit:

Members of the Board of Directors and their families were customers of the Bank in the ordinary course of business. However, there are no contracts with the Bank in which any Director has a personal profit.

Executive Management:

The Executive Management is responsible to ensure that the Bank's activities are in line with the approved corporate strategy, risk appetite and policies approved by the Bank's Board. The Executive Management team is appointed by the Board to carry out their respective roles in running the operations of the Bank. This includes the CEO, his deputies, assistants and any other persons who may be considered key to the successful running of the Bank.

Name	Position	Years of Experience with the Bank ¹	Work Experience other than the Bank
Waleed Khaled Mandani	Acting Chief Executive Officer Deputy Chief Executive Officer – Consumer Banking and Investments	2	25
Sami Bakhos Mahfouz	Acting Deputy Chief Executive Officer – Operations	5.5	25
David John Challinor	Chief Financial Officer	2.4	25
Abdulrahman Ahmad Alsaddah	Acting Chief Risk Officer	20	0
Ali Khaled Al Faras	Chief Internal Auditor	20	2
Faisal Abdulwahab Al-Adsani	General Manager - Corporate Banking	19.4	0
Mohammed Bader Al Qattan	General Manager - Consumer Banking	9.4	18
Lamia Ali Karam	General Manager - Treasury	6.2	30
Hani Mohammad Al-Awadhi	General Manager - Investments	1	20
Salma Abdulkareem Al Hajjaj	General Manager - Human Resources	10.6	23
Mona Mansour Ali	General Manager – Customer Service Delivery	19	20
Dari Ali Al-Bader	General Manager – Corporate Affairs & Board Secretary	3.1	22
Shahzad Anjum Mohammad	General Manager – Information Technology	4	21
Meshal Abdulrazzaq Al-Wazzan	Deputy General Manager – Head of Strategy	15.3	1.9

I. Waleed Khaled Mandani

- Acting Chief Executive Officer, Deputy Chief Executive Officer – Consumer Banking and Investments

Date of Joining Gulf Bank:

- 5 September 2021

Academic Qualifications:

- BSc in Business Administration from University of Arizona, USA – 1992
- Executive Program in Project Management and Leadership from Cornell University, USA – 2011
- Specialized training course in Decision Making Strategies at Harvard Business School, USA – 2015
- Executive Program in Leading Change and Organizational Renewal at Harvard Business School, USA - 2018

Experience:

- More than 25 years of experience in leadership positions covering Private Banking, Retail and Wealth Management in Kuwait Finance House, BNP Paribas in Kuwait, and Ahli United Bank Bahrain
- Board Member in KFH Capital, and Member of Board Risk Committee 2017 until 2021

¹ Years of Experience as of 31 August 2023

- Board Member in KNET, and chairman of Board Audit Committee 2022
- Vice Chairman of Turkapital Holding and Board Member 2015 until 2021

II. Sami Bakhos Mahfouz

- Acting Deputy Chief Executive Officer - Operations

Date of Joining Gulf Bank:

- 6 March 2018

Academic Qualifications:

- Master's degree in Business Management, the Holy Spirit University, Lebanon
- Completed extensive leadership and technical programs

Experience:

- More than 25 years of banking experience in the region at leading international banks
- Previously worked at Standard Chartered, DIFC heading the MENA Public Sector Coverage Group, and earlier undertook a variety of Financial Markets roles in UAE, Bahrain and Lebanon, latest being Head of Financial Markets, UAE and GCC. Started his career at HSBC Lebanon.

III. David John Challinor

- Chief Financial Officer

Date of Joining Gulf Bank:

- 14 April 2021

Academic Qualifications:

- BSc. In Economics from the University of Newcastle
- Fellow at The Institute of Chartered Accountants in England & Wales
- Qualified Chartered Accountant with Price Waterhouse in London

Experience

- Over 25 years' experience in the financial service industry, Mr. Challinor has held various leadership and executive positions in the United Kingdom, Australia, Canada and Qatar
- Previously, Chief Financial Officer at Doha Bank

IV. Abdulrahman Ahmad Alsaddah

- Acting Chief Risk Officer

Date of Joining Gulf Bank:

- 21 September 2003

Academic Qualifications:

- BSc in Accounting, Kuwait University, Kuwait
- Program for Leadership Development, Harvard Business School, USA

Experience:

- More than 17 years of experience in Corporate Banking and Corporate Finance
- Previously Deputy Chief Risk Officer at Gulf Bank
- Previously Deputy GM of Structured Workout and Remedial in Corporate Banking at Gulf Bank
- Served as Board Member in Kuwait Finance and Investment Company (KFIC)
- Led and Co-Led several debt restructuring and M&A transactions

V. Ali Khaled Al Faras

- Chief Internal Auditor

Date of Joining Gulf Bank:

- 20 September 2003

Academic Qualifications:

- Bachelor's degree in English, from Kuwait University, Kuwait
- Certified Risk Based Auditor (CRBA)
- Certified Compliance Officer (CCO)
- General Management Program (GMP27), from Harvard Business School at Boston, USA
- Emerging Leaders Program at London Business School, UK

Experience

- Over 19 years of experience in the Banking sector mainly at Gulf Bank
- Well versed with Internal Controls, Compliance, Policies & Procedures with strong knowledge of risk management aspects
- Managing the Internal Audit function in accordance with the Internal Audit methodology, risk-based approach to assess the risks, effectiveness of internal controls, and to recommend measures to improve efficiency of the controls and to align with Board Audit Committee direction as well as Internal Audit Standards.

VI. Faisal Abdulwahab Al-Adsani

- General Manager – Corporate Banking

Date of Joining Gulf Bank:

- 18 April 2004

Academic Qualifications:

- BA in Finance, University of Denver, Denver, USA
- Certified Credit Management – IBS, Kuwait
- Advanced Certificate in Credit Management- IBS, Kuwait
- Leading Strategy Execution in Financial Services – HBS, Dubai
- Berkeley Executive Leadership Program – Berkeley, California
- Leading Change in Disruptive Times – INSEAD

Experience

- Close to 20 years of Corporate Banking experience
- Previously Deputy GM of Multinational Corporations, Oil & Gas, Family Conglomerates and Transaction Banking at Gulf Bank.
- Faisal held many roles in the bank that included business development, establishing strategic partnerships, market intelligence and enhancing the overall digital offerings to Corporate Clients.

VII. Mohammed Bader AlQattan

- General Manager – Consumer Banking

Date of Joining Gulf Bank:

19 August 2014

Academic Qualifications:

- Bachelor's Degree from Kuwait University in Statistics and Operations Research, Kuwait
- MBA in Strategic Management from Maastricht Business School

Experience

- More than 20 years of experience in Banking and Financial Services
- Previously worked in leadership positions in the Commercial Facilities Company
- Board member in Public Institute for Social Security (PIFSS), and Head of Audit & Risk Committee
- Vice Chairman in Priority Automobile Company
- Board member in Credit Information Network Company (Ci-Net)
- Previously, Board member in Oula Wasata

VIII. Lamia Ali Karam

- General Manager – Treasury

Date of Joining Gulf Bank:

- 2 July 2017

Academic Qualifications:

- BSc in Economics, Kuwait University, Kuwait
- Executive Certificate in Management and Leadership – MIT Sloan Management School - USA
- High performance Negotiator -IESE Business School-University of Navarra – Spain

Experience:

- Over 30 years of experience in the Treasury department, with extensive experience in Money Market, Foreign Exchange, and Sales.
- Previously Deputy General Manager – Treasury at Gulf Bank
- Started at Al Ahli bank in 1987 where she worked for four years with the last position as Money Market Dealer
- Spent twenty-three years at Burgan Bank, where she held many positions, with her last position as Treasurer for Kuwait Office. During this time, she gained expertise in trading deposits, FX swaps and Islamic deposits, also managed the bank's assets & liabilities and regulatory ratios.
- Furthermore, she took part in promoting synergies within Burgan Bank Group, and chaired the Treasurer meetings at KBA.

IX. Hani Mohammad Al Awadhi

- General Manager -Investments

Date of Joining Gulf Bank:

- 1 August 2022

Academic Qualifications:

- Bachelor's degree in business administration from the Frank G. Zarb School of Business at Hofstra University, USA

Experience:

- More than 20 years of experience in the investment realm both locally and abroad prior to Gulf Bank
- Prior to joining Gulf Bank, Al Awadhi served as the head of managed funds and acting head of GCC equities at the Gulf Investment Corporation (GIC), managing international investments in hedge funds, private equities, real estate, infrastructure, and more
- During his career, Al Awadhi held numerous prominent leadership roles across multiple major financial institutions including the Public Institutions for Social Security (PIFSS), Albourne Partners and Global Investments House and was a board member at Shamal Azzour, Wafra New York and Al Ezzel Power Company in the Kingdom of Bahrain

X. Salma Abdulkareem Al Hajjaj

- General Manager – Human Resources

Date of Joining Gulf Bank:

- 1 February 2013

Academic Qualifications:

- Master's Degree in Organizational Management, University of Phoenix, Arizona, USA
- BSc. in Mathematics, Kuwait University, Kuwait

Experience:

- More than 30 years of Human Resources experience
- Previously worked at various key HR positions in the oil sector in both KPC and KPI as well as in Gulf Investment Corporation.
- Member of the Arabian Society for Human Resources (ASHRM) board of trustees.
- Member of the Advisory Board of college of Business and Administration of GUST
- Member of the Board of INJAZ a nonprofit organization for the development of the youth
- Established the "GB WOW Network" an initiative within Gulf Bank focusing on supporting and advancing women in the corporate world.
- Won MENA region "HR Executive of the year" awarded at the Human Assets Expansion Summit held in Dubai 2014
- Featured in the 2018 publication of 'Those who Inspire' – Kuwait Edition
- Lifetime member of the International Society of Female Professionals
- A Senior Certified Professional Coach from both the International Coaching Federation and the Coach Transformation Academy

XI. Mona Mansour Ali

- General Manager - Customer Service Delivery

Date of Joining Gulf Bank:

- 15 August 2004

Academic Qualifications:

- Bachelor's in Business Administration, Kuwait University, Kuwait
- Emerging Leaders Program certificate from London Business School, UK

Experience

- More than 30 years of Banking experience
- Previously worked at National Bank of Kuwait for 20 years with diversified experience in IT, cards, customer services & operations

- Currently is one of the major stock holders leading “Gulf Bank transformation project”

XII. Dari Ali Al-Bader

- General Manager – Corporate Affairs & Board Secretary

Date of Joining Gulf Bank:

- 21 October 2019

Academic Qualifications:

- MBA from Columbia Business School, NY, USA
- B.Sc. in Management Science and Mechanical Engineering from Massachusetts Institute of Technology, Cambridge, MA, USA
- Chartered Financial Analyst

Experience:

- More than 20 years of experience in business and banking
- Previously President of Group Corporate Affairs at Alghanim Industries
- Previously worked with several international and regional organizations such as JP Morgan, Citi Group, Dubai Capital Group, and the National Bank of Kuwait
- Chairman of Asiya Capital Investments Company
- Member of the Board of INJAZ a non-profit organization for the development of the youth

XIII. Shahzad Anjum Mohammad

- General Manager – Information Technology

Date of Joining Gulf Bank:

- 1 August 2019

Academic Qualifications:

- MBA from London Business School, UK
- B.S. in Computer Science from Newport’s Institute Pakistan

Experience:

- More than 20 years of Information Technology experience
- Previously worked as Group CIO at Alghanim Industries

XIV. Meshal Abdulrazzaq Al-Wazzan

- Deputy General Manager – Head of Strategy

Date of Joining Gulf Bank:

- 10 February 2019

Academic Qualifications:

- MBA from IE Business School, Madrid
- Bachelor’s in Business Administration with a specialization in Information Systems & E-Commerce from the University of Toledo, Ohio. – USA

- Harvard University – John F. Kennedy School of Government: Decision - Making Strategies Under Risk & Uncertainties
- Gulf Bank K.S.C. – Middle Management Leadership Program affiliated by AILA
- University of Chicago – Chicago Booth - Advanced Strategy Program & Executive Program in Corporate Strategy

Experience

- Meshal began his career with Wafra Investment Advisory Group in New York as Junior Analyst.
- Previously worked as the Executive Deputy Chairman at National Fund for Small & Medium Enterprise Development
- Previously worked as the Executive Director at Kuwait's Competition Protection Agency
- While at Gulf Bank, Meshal worked in many departments within Corporate Banking such as Financial Markets, Structured Workout and Corporate Finance

CAPITALIZATION AND BORROWINGS

The table below presents the Bank's capitalization as of 30 June 2023 in addition to the pro-forma figures post the Capital Increase issuance:

KD mn

Equity	June 2023	Post Capital Increase issuance (unaudited)
Share capital	336	362
Statutory reserve	53	53
Share premium	153	187
Property revaluation reserve	18	18
Treasury shares	-	-
Fair valuation reserve	1	1
Retained earnings	162	162
Total equity	723	783
Due to banks	318	318
Deposits from financial institutions	970	970
Customer deposits	4,216	4,216
Other borrowed funds	539	539
Other liabilities	147	147
Total liabilities	6,190	6,190
Total liabilities and equity	6,914	6,974

Affirmation of Paid-Up Capital:

As of 30 June 2023, the Bank has an authorized share capital of KWD 486,056,100.600 comprising of 4,860,561,006 shares of KWD 0.100 each.

As of 30 June 2023, the Bank has an issued and paid-up share capital of KWD 336,056,100.600 comprising of 3,360,561,006 shares of KWD 0.100 each.

PROFIT DISTRIBUTIONS BY THE BANK

The table below shows the profit distributions by the Bank since 2018.

Dividend distribution	2018	2019	2020	2021	2022
Date of Approval	11-Mar-19	31-Mar-20	27-Mar-21	22-Mar-22	18-Mar-23
Stock dividend (%)	-	-	-	5%	5%
Bonus shares (KD'000 amount)	-	-	-	15,241	16,003
Cash dividend (fils per share)	10	11	5	7	10

The shareholders at the Annual General Meeting (AGM) held on 18 March 2023 approved a cash dividend of 10 fils per share and bonus shares of 5% amounting to KD 16,003 thousand for the year ended 31 December 2022. The cash dividend was recorded and paid. The bonus shares was distributed on 13 April 2023.

SELECTED FINANCIAL INFORMATION

Kindly refer to the annual financial statements of the Bank along with accompanying notes provided in the Appendix.

PREVIOUS SECURITIES ISSUANCES BY THE BANK

1. The previous bond issuance of the Bank during the last five years are listed below, and is being paid in accordance with its terms:

Issue Date	Value (KWD)	Tenor (Years)	Basis	Coupon	Interest Payment Frequency
10-June-2021	50 Mn	10	Fixed/Floating	4.00% / CBK Discount rate + 2.25%	Quarterly

2. All share capital issuances of the Bank during the last five years are listed below:

Year	Capital Shares issued (Rights' Issue) Number	Capital Shares issued (Rights' Issue) Par Value (KWD)	Capital Shares issued (Rights' Issue) Premium (KWD)	Capital Shares issued (Rights' Issue) Total Value (KWD)	Bonus shares issued Number	Bonus shares issued Total Value (KWD)
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	152,406,394	15,240,640
2022	-	-	-	-	160,026,714	16,002,671

RISK FACTORS

Prior to investing in any Issue Shares, prospective investors should carefully consider, together with all other information contained in this Prospectus, the risk factors described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Issue Shares but these risk factors are not exhaustive and other considerations, including some which may not be presently known to the Bank, or which the Issuer currently deems to be immaterial, may impact on any investment in the Issue Shares.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Factors that may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects

RISKS RELATING TO THE BANK

The Bank believes that the following factors may affect the performance of subscribers' investment in the Issue Shares. All of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Bank believes may be material for the purpose of assessing the market risks associated with the Capital Increase are also described below.

Gulf Bank's business, financial condition, results of operations and prospects are and will continue to be affected by global and regional financial markets and economic conditions and any deterioration in economic conditions in Kuwait and the wider MENA region could materially adversely impact Gulf Bank

Macro-economic and financial market conditions have materially adversely affected and may continue to materially adversely affect the Bank's business, results of operations and financial condition. In 2020, Gulf Bank registered a decline of 55% in net profit compared to 2019 due to COVID-19 related economic slowdown. The Bank, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally, and, in particular, the oil price environment.

Gulf Bank's business and results of operations were adversely affected by these conditions and the impact they had in Kuwait and other countries in the GCC region. If comparable market disruptions and levels of volatility recur, Gulf Bank may experience reductions in business activity, increased funding costs and funding pressures, decreased asset values, credit losses and impairment charges, and lower profitability and cash flows. Gulf Bank's business and financial performance may also be adversely affected by future recovery rates on assets, particularly as the historical assumptions underlying asset recovery rates may prove to be inaccurate.

Gulf Bank's operations are focused in Kuwait. In 2022, 83.66% of Gulf Bank's maximum exposure to credit risk, including assets and off-balance sheet items, was represented by Kuwait. As of 31 December 2022, Loans and advances to Kuwaiti entities comprised 90.27% of Gulf Bank's gross customer loan portfolio. Kuwait's economy is dependent on oil and gas and related industries, as well as the prices and production quantities of these commodities. Oil prices have, however, been volatile in recent years, which has impacted economic growth in Kuwait. The decline in oil prices and any resulting future deterioration in economic conditions in Kuwait whether or not due to deterioration in the oil and gas industries, could materially adversely affect many of Gulf Bank's borrowers and contractual counterparties which, in turn, is likely to adversely affect Gulf Bank's business, financial condition, results of operations and prospects. See "*Gulf Bank's customer Loan portfolios, deposit base and securities portfolios are concentrated in Kuwait*".

Gulf Bank is exposed to credit risk of borrowers and anticipated future growth in, or deterioration in the quality of, Gulf Bank's loan portfolio could result in an increase in its credit risk profile

Risks arising from adverse changes in the credit quality and recoverability of loans, securities and amounts due from counterparties are inherent in a wide range of Gulf Bank's businesses, principally in its lending and investment activities. In particular, Gulf Bank is exposed to the risk that borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. Gulf Bank regularly reviews and analyses its loan portfolio and credit risks, and Gulf Bank's provision for losses on loans is based on, among other things, its analysis of current and historical delinquency rates and loan management and the valuation of the underlying assets, as well as numerous other management assumptions. However, these internal analyses and assumptions may give rise to inaccurate predictions of credit performance, particularly in the current

volatile economic climate. See “—Gulf Bank’s risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks”.

At 31 December 2022, Gulf Bank’s gross customer loans and advances (its customer loan portfolio) amounted to KD 5,158 million. At 31 December 2021, Gulf Bank’s gross customer loan portfolio amounted to KD 4,838 million. In 2022 and 2021, Gulf Bank’s provisions including excess general provisions for impairments in respect of its loans and advances to customers amounted to about 5.7% and 5.8% of its gross loans and advances to customers at 31 December 2022 and 31 December 2021, respectively.

As Gulf Bank expands its customer loan portfolio, this will increase its credit exposure and management will need to continually monitor the credit quality of the customer loan portfolio. See “Risk management—Credit risk”, note 24A to the 2022 Financial Statements and “—Gulf Bank’s risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks”.

Credit losses could also arise from a deterioration in the credit quality of specific issuers and counterparties of Gulf Bank, or from a general deterioration in local or global economic conditions, or from systemic risks within these financial systems, which could affect the recoverability and value of Gulf Bank’s assets and require an increase in its provisions for the impairment of loans, securities and other credit exposures.

Any failure by Gulf Bank to maintain the quality of its assets through effective risk management policies could lead to higher loan loss provisioning and result in higher levels of defaults and write-offs, which, in turn, could have a material adverse effect on Gulf Bank’s business, financial condition, results of operations and prospects.

A substantial increase in impairment allowances, or incurred losses greater than the level of existing provisions for credit losses, would adversely affect the Bank’s results of operations and financial condition

Credit facilities granted by the Bank comprise loans and advances, letters of credit and financial guarantee contracts, and commitments to grant credit facilities.

The Bank’s overall level of impairment allowances is based upon a wide range of factors, including the volume and type of lending and financing being conducted, the collateral held, applicable regulations, past due facilities, economic conditions and other factors related to the recoverability of various facilities. Although the Bank endeavors to establish an appropriate level of impairment allowances in accordance with applicable requirements, it may have to significantly increase its impairment allowances for credit losses in the future as a result of increases in non-performing assets, deteriorating economic conditions (especially from the aftermath of COVID-19) leading to increases in defaults and bankruptcies, or for other reasons.

Gulf Bank’s gross impaired customer loans and advances amounted to KD 59 million at 31 December 2022, KD 48 million at 31 December 2021, KD 51 million at 31 December 2020, equal to 1.1%, 0.9%, and 1.1%, of its total gross loans and advances to customers portfolio respectively.

Gulf Bank’s collateral principally comprises real estate and shares. There is a risk that any enforcement of the collateral will not generate amounts that match the current fair value of the collateral, particularly given the relative illiquidity of real estate and the volatility of share prices. To the extent that the fair value of its collateral declines in the future, Gulf Bank may need to increase its provisions which could adversely impact its results of operations in future years. In addition, if any of Gulf Bank’s impaired loans default and Gulf Bank is unable to realize the full amount of the outstanding loans through enforcement of collateral, this could result in further losses being recorded by Gulf Bank.

The table below shows the maximum exposure to credit risk net of provision for the components of the statement of financial position, including positive fair value of derivatives without taking into account any collateral and other credit enhancements. Maximum concentration of credit risk to a single or group of related counterparties is limited to 15% of the Bank’s comprehensive capital as determined by the regulatory guidelines:

By Class of Financial Assets

For the year ended 31 Dec	2022	2021	2020
KD'000			
Cash and cash equivalents (excluding cash in hand)	871,496	883,438	1,054,570
Kuwait Government treasury bonds	22,000	74,000	108,500
Central Bank of Kuwait bonds	337,703	281,197	280,724
Deposits with banks and other financial institutions	131,222	124,642	3,033
Loans and advances to banks	262,786	278,451	192,063
Loans and advances to Customers			
- Corporate lending	2,735,061	2,694,332	2,449,947
- Consumer lending	2,130,833	1,863,754	1,666,590
Debt investment securities	95,599	107,071	136,694
Other assets	65,728	61,273	36,780
Total	6,652,428	6,368,158	5,928,901
Contingent liabilities and commitments	2,673,488	2,404,830	2,361,808
Foreign exchange contracts (including spot contracts)	17,098	35,050	8017
Total	2,690,586	2,439,880	2,369,825
Total Credit Exposure	9,343,014	8,808,038	8,298,726

Security interests or loan guarantees provided in favor of Gulf Bank may not be sufficient to cover any losses and may not be legally enforceable

The Bank employs a range of tools to reduce credit risk. The Bank seeks collateral coverage, assignment of contract proceeds and other forms of protection to secure lending and minimize credit risks wherever possible. The Bank's borrowing agreements also include legally enforceable netting arrangements for loans and deposits enabling the Bank to consolidate the customer's various accounts with the Bank and either transfer credit balances to cover any outstanding borrowings or freeze the credit balances until the customer settles their outstanding obligations to the Bank.

The Bank's credit facilities are secured by collateral, wherever required, consisting primarily of: equities listed on Boursa Kuwait; unquoted equities, real estate (land and buildings); fixed term deposits and cash balances with the Bank that are blocked and legally pledged in its favor; and direct, explicit, irrevocable and unconditional bank guarantees.

Save in the instance of the enforcement by a "Financial Institution" (as defined in the executive regulations (the "CMA Bylaws" to Law No. 7 of 2010) of a pledge of shares listed on Boursa Kuwait granted by a "Professional Investor" (as defined in the CMA Bylaws) in compliance with the requirements set forth in Chapter 9 of Book XI (Dealing in Securities) of the CMA Bylaws for which a self-help mechanism is available), the practice of pledging assets (such as share portfolios and real estate assets) to obtain a bank loan is subject to certain limitations and administrative restrictions under Kuwaiti law. In particular, such security may not be enforced without a court order. As a result, security over certain pledged assets may not be enforced in Kuwaiti courts. Accordingly, Gulf Bank may have difficulty foreclosing on collateral (including any real estate collateral) or enforcing guarantees or other third party credit support arrangements when debtors default on their loans and would likely face further such difficulties if any of Gulf Bank's key clients or shareholders were to default on their loans. In addition, even if such security interests are

enforceable in Kuwaiti courts, the time and costs associated with enforcing security interests in Kuwait may make it uneconomical for Gulf Bank to pursue such proceedings, adversely affecting Gulf Bank's ability to recover its loan losses.

As of 31 December 2022, 28% (2021: 27%) of the total outstanding loans and advances to customers were partially or fully secured by collaterals. The Bank has procedures to ensure that there is no excessive concentration of any particular asset class within the collaterals.

Any decline in the value or liquidity of such collateral may prevent Gulf Bank from foreclosing on such collateral for its full value or at all in the event that a borrower becomes insolvent and enters bankruptcy and could thereby adversely affect Gulf Bank's ability to recover any losses. The occurrence of any of the foregoing could have a material adverse effect on Gulf Bank's business, results of operations, financial condition and prospects.

Gulf Bank's customer loan portfolios, deposit base and securities portfolios are concentrated in Kuwait

Gulf Bank's loan and securities portfolios are concentrated, geographically, in Kuwait, in accordance with its strategy of achieving a dominant position in Kuwait. As of 31 December 2022, 83.66% of Gulf Bank's maximum exposure to credit risk, composed of both assets and off-balance sheet items, was represented by Kuwait. As of 31 December 2022, Loans and advances to Kuwaiti entities comprised 90.27% of Gulf Bank's customer loan portfolio. Gulf Bank's customer deposits constituted 69.26% of its total liabilities, or KD 4,247 million, as of 31 December 2022.

As a result, any deterioration in general economic conditions in Kuwait or any failure by Gulf Bank to manage effectively its geographic risk concentrations could have a material adverse effect on its business, financial condition, results of operations and prospects. See "Gulf Bank's business, financial condition, results of operations and prospects are and will continue to be affected by global and regional financial markets and economic conditions and any deterioration in economic conditions in Kuwait and the wider MENA region could materially adversely impact Gulf Bank".

Gulf Bank has significant individual customer and sector concentrations

Gulf Bank's 20 largest gross loan exposures at 31 December 2022 constituted 12.3% of its total credit risk exposures at that date.

Although diversified by industry sector, the Bank's loans and advances to customers have concentrations of exposure to personal loans and the real estate sector. As of 31 December 2022, Personal loans account for the largest 43.85% of the total gross loans and advances to customers while real estate sector accounted for 19.59%.

As a result, a material weakening in the credit quality of, or a default by, any one or more of the Bank's large loan customers or issuers of debt securities, or any factors which particularly negatively impacted the real estate sector or other sectors to which the Bank has significant exposure, could result in the Bank making significant additional loan loss provisions and experiencing reduced interest income. Similarly, the withdrawal or non-renewal of its deposits by any one or more of the Bank's large depositors could require the Bank to obtain replacement funding from other sources which may not be readily available or may be significantly more expensive. Either of such eventualities would be likely to have a material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Gulf Bank has significant credit-related contingent liabilities and commitments that may lead to potential losses

As part of its normal banking business, Gulf Bank issues guarantees and letters of credit which are accounted for off the Bank's balance sheet until such time as they are actually funded or cancelled. Although these commitments are contingent, they nonetheless subject Gulf Bank to both credit and liquidity risks. As of 31 December 2022, Gulf Bank had KD 2,673 million (including KD 1,127 million unutilized revocable limits) in such contingent liabilities and commitments outstanding. Gulf Bank may need to make payments in respect of a greater portion of such commitments, particularly in cases where there has been a general deterioration in market conditions. This would result in Gulf Bank needing to obtain additional funding, potentially at relatively short notice, which could have an adverse effect on its financial condition and results of operations.

The Bank is exposed to reputational risks related to its operations and industry

All financial institutions depend on the trust and confidence of their customers to succeed in their business. The Bank is exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm its reputation. The Bank's reputation may also be adversely affected by the conduct of third parties that provide services to the Bank and/or its customers as well as third parties over whom it has no control, including entities to which it lends money or in which it has invested. For example, if one of the Bank's borrowers becomes associated with financial scandals or widely publicized improper behavior, the Bank's own reputation may be affected.

Gulf Bank is exposed to adverse publicity relating to the financial services industry as a whole. Financial scandals unrelated to the Bank or questionable ethical conduct by a competitor may taint the reputation of the industry and effect the perception of investors, public opinion and the attitude of regulators. Any damage to the Bank's reputation could cause existing customers to withdraw their business and lead potential customers to be reluctant to do business with the Bank. Any of these developments could have an adverse effect on the Bank's business, results of operations and financial condition.

Gulf Bank is subject to the risk that liquidity may not always be readily available or may only be available at costs which may adversely affect its business or results of operations

Liquidity risk is the risk arising from the inability of the Bank to meet its financial obligations on time without incurring significant costs. Liquidity risk is a sequential risk that may be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. To guard against this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a sufficient balance of cash, cash equivalents and readily marketable securities.

Liquidity risk arises in the general funding of the Bank's activities. Under the guidance of the Asset Liability Committee (ALCO), the Treasury group manages the liquidity and funding of the Bank to ensure that sufficient funds are available to meet the Bank's known cash funding requirements and any unanticipated needs that may arise. At all times, the Bank holds what it considers to be adequate levels of liquidity to meet deposit withdrawals, repay borrowings and fund new loans.

In addition, uncertainty or volatility in the capital and credit markets may limit Gulf Bank's ability to refinance maturing liabilities with long-term funding or increase the cost of such funding. Gulf Bank's access to any additional financing it may need will depend on a variety of factors, including market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, and Gulf Bank's financial condition, credit ratings and credit capacity.

Gulf Bank has historically relied on deposits to meet most of its funding needs. The availability of deposits is subject to fluctuation due to factors outside Gulf Bank's control, including possible loss of confidence and competitive pressures, and this could result in a significant outflow of deposits within a short period of time. As of 31 December 2022, approximately 47.49% of Gulf Bank's funding (which comprises amounts due to banks and financial institutions, customer deposits and other liabilities) had remaining maturities of one month or less or was payable on demand and approximately 91.38% had remaining maturities of one year or less or was payable on demand. In addition, Gulf Bank is reliant on certain large deposits from a limited group of government-related and private sector corporate customers.

If a substantial portion of Gulf Bank's depositors withdraw their demand deposits or do not roll over their time deposits at maturity, Gulf Bank may need to seek other sources of funding or may have to sell assets to meet its funding requirements. There can be no assurance that Gulf Bank will be able to obtain additional funding as and when required or at prices that will not affect its ability to compete effectively and, if Gulf Bank is forced to sell assets to meet its funding requirements, it may suffer material losses as a result.

In extreme cases, if Gulf Bank is unable to refinance or replace such deposits with alternative sources of funding to meet its liquidity needs, through deposits, the interbank markets, the international capital markets or through asset sales, this would have a material adverse effect on its business, financial condition, results of operations and prospects and could, potentially, result in its insolvency.

Gulf Bank is subject to extensive regulation and changes in this regulation, or the interpretation and enforcement of this regulation, or any failure by Gulf Bank to comply with this regulation could have a material adverse effect on Gulf Bank

Gulf Bank is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure their compliance with economic and other objectives and limit their exposure to risk. These controls include laws and regulations promulgated by the CBK, the CMA and Boursa Kuwait.

The regulations to which Gulf Bank is subject may limit its ability to carry on certain parts of its business, to increase its loan portfolio or to raise capital and may impose significant additional costs on Gulf Bank. In addition, increased regulations or changes in applicable laws and regulations and the manner in which they are interpreted or enforced in Kuwait may impose significant additional costs on Gulf Bank and have a material adverse effect on Gulf Bank's business, financial condition, results of operations or prospects. Furthermore, non-compliance by Gulf Bank with any applicable regulations could expose it to potential liabilities and fines, which may be significant.

In order to carry out and expand its businesses, it is necessary for Gulf Bank to maintain or obtain a variety of licenses, permits, approvals and consents from various regulatory, legal, administrative, tax and other governmental authorities and agencies. The processes for obtaining these licenses, permits approvals and consents are often lengthy, complex, unpredictable and

costly. If Gulf Bank is unable to maintain or obtain the relevant licenses, permits, approvals and consents, its ability to achieve its strategic objectives could be impaired.

Gulf Bank is also required to comply with applicable know your customer, anti-money laundering and counter-terrorism financing laws and regulations in Kuwait and other jurisdictions where it operates, including those related to countries subject to sanctions by the United States Office of Foreign Assets Control (OFAC), similar regulations of the European Union (the EU) and other jurisdictions, and applicable anti-corruption laws in the jurisdictions in which it conducts business. To the extent that Gulf Bank fails or is perceived to fail to comply with these and other applicable laws and regulations, its reputation could be materially damaged, with consequent adverse effects on its business, financial condition, results of operations and prospects.

A negative change in Gulf Bank's credit rating could limit its ability to raise funding and may increase its borrowing costs

Gulf Bank has a long-term issuer default rating of A with stable outlook from Fitch Ratings Ltd (Fitch), a long term deposits rating of A3 with stable outlook from Moody's Investors Service (Moody's) and a long-term foreign currency rating of A+ with stable outlook from Capital Intelligence (CI). These ratings, which are intended to measure Gulf Bank's ability to meet its debt obligations as they mature, are an important factor in determining Gulf Bank's cost of borrowing funds.

There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade of Gulf Bank's credit ratings, or a negative change in their outlook, may

- limit Gulf Bank's ability to raise funding;
- Increase Gulf Bank's cost of borrowing; and
- limit Gulf Bank's ability to raise capital,

Each of which could adversely affect its business, financial condition, results of operations and prospects. Moreover, actual or anticipated changes in Gulf Bank's credit rating may affect the market value of the shares issued.

According to the credit rating agencies, a significant factor underpinning Gulf Bank's ratings is their assessment that there is an extremely high probability of support for Gulf Bank from the Kuwaiti authorities and any event that causes them to adjust this view would be likely to result in a negative change in Gulf Bank's rating.

In addition, the credit ratings assigned to Gulf Bank may not reflect the potential impact of all risks related to an investment in the Issue Shares, the market, additional factors discussed in this document and other factors that may affect the value of the shares issued. A security rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization and each rating should be evaluated independently of any other rating.

Although the Kuwaiti government has in the past supported the domestic banking industry (including Gulf Bank), there can be no assurance that it will continue to provide support to the domestic banking industry (including Gulf Bank) in the future.

The banking industry is competitive and, in particular, Gulf Bank is exposed to significant competition in Kuwait

Gulf Bank faces high levels of competition for all of its products and services in Kuwait. In particular, Gulf Bank competes with other domestic banks and such competition may increase.

The Kuwaiti banking sector comprises five locally based conventional commercial banks and branches of eleven other non-Kuwaiti banks. In addition, a specialized bank, five banks operating according to the provisions of Islamic Sharia and a branch of a Saudi Arabian bank are also licensed to operate in Kuwait. The competitive nature of the Kuwaiti banking market and any failure by Gulf Bank to continue to compete successfully in Kuwait may adversely affect Gulf Bank's business, financial condition, results of operations and prospects.

Certain of Gulf Bank's competitors have significantly greater resources and Gulf Bank is, therefore, potentially exposed to any aggressive competitive positions taken by those other banks.

Mergers between conventional and Islamic financial institutions which do not involve Gulf Bank could result in competitors that are significantly bigger than Gulf Bank, have a significantly wider product range and have significantly greater resources with which to compete effectively.

Gulf Bank's financial condition and results of operations could be adversely affected by market risks

Gulf Bank's financial condition and results of operations could be adversely affected by market risks that are outside its control, including, without limitation, volatility in interest rates, prices of securities and currency exchange rates. In particular, an increase in interest rates generally may decrease the value of Gulf Bank's fixed-rate loans and the debt securities in its investment securities portfolio and may raise Gulf Bank's funding costs. As a result, Gulf Bank may experience a reduction in its net interest income. Interest rates are sensitive to many factors beyond Gulf Bank's control, including the policies of central banks, such as the CBK and the U.S. Federal Reserve, political factors and domestic and international economic conditions.

The following table reflects the effects of 25 basis points change in interest rates on the income statement with all other variables held constant:

	2022		2021		2020	
Currency	Change in interest rate in basis points	Impact on Income Statement KD'000	Change in interest rate in basis points	Impact on Income Statement KD'000	Change in interest rate in basis points	Impact on Income Statement KD'000
KWD	[+] 25	1,511	[+] 25	2,154	[+] 25	2,180
USD	[+] 25	505	[+] 25	797	[+] 25	699

The effect on equity (as a result of change in the fair value of equity instruments held as FVOCI) at the yearend due to an assumed 5% change in the market indices (assuming that listed equity investment securities are changing in line with their equity markets), with all other variables held constant, is as follows:

	2022		2021		2020	
Market Indices	Change in equity price %	Impact on Statement of Comprehensive Income KD'000	Impact on Statement of Comprehensive Income KD'000	Impact on Statement of Comprehensive Income KD'000	Impact on Statement of Comprehensive Income KD'000	Impact on Statement of Comprehensive Income KD'000
Boursa Kuwait	5%	513	552	605		

As a financial intermediary, Gulf Bank is exposed to foreign exchange rate risk. This risk includes the possibility that the value of a foreign currency asset or liability will change due to changes in currency exchange rates as well as the possibility that Gulf Bank may have to close out any open position in a foreign currency at a loss due to an adverse movement in exchange rates. Gulf Bank attempts to match the currencies of its assets and liabilities and any open currency position is maintained within the limits set by the CBK. However, where Gulf Bank is not so hedged, it is exposed to fluctuations in foreign exchange rates and any such hedging activity may not in all cases protect Gulf Bank against such risks.

Based on the Bank's financial assets and liabilities held at the statement of financial position date, in case of a change in currency movements with all other variables held constant, the effect on the Bank's income statement and other comprehensive income is as follows:

	2022			2021			2020	
Currency	Change in currency rate %	Impact on Income Statement KD'000	Impact on Statement of Comprehensive Income KD'000	Impact on Income Statement KD'000	Impact on Statement of Comprehensive Income KD'000	Impact on Income Statement KD'000	Impact on Statement of Comprehensive Income KD'000	Impact on Statement of Comprehensive Income KD'000
USD	5	-145	116	-171	107	-178		107

Adverse movements in interest and foreign exchange rates may also adversely impact the revenues and financial condition of Gulf Bank's depositors and borrowers which, in turn, may impact Gulf Bank's deposit base and the quality of its exposures to certain borrowers.

Gulf Bank is exposed to a range of operational risks. In particular, any failure of Gulf Bank's information technology systems could have a material adverse effect on its business and reputation

Operational risk and losses can result from fraud, errors by employees, failure to document transactions properly or to obtain proper internal authorization, failure to comply with regulatory requirements and conduct of business rules, systems and equipment failures (including, in particular, information technology (IT) failures), natural disasters or the failure of external systems (for example, those of Gulf Bank's counterparties or vendors). Gulf Bank has implemented risk controls and loss mitigation strategies, and substantial resources are devoted to developing efficient procedures and to staff training, but it is not possible to eliminate entirely each of the potential operational risks that Gulf Bank faces. Losses from the failure of Gulf Bank's system of internal controls could have a material adverse effect on its business, financial condition, results of operations and prospects and could materially adversely affect its reputation.

Gulf Bank depends on its IT systems to process a large number of transactions on an accurate and timely basis, and to store and process substantially all of Gulf Bank's business and operating data. The proper functioning of Gulf Bank's financial control, risk management, credit analysis and reporting, accounting, customer service and other IT systems, as well as the communication networks between its branches and main data processing centers, are critical to Gulf Bank's business and ability to compete effectively. Gulf Bank's business activities would be materially disrupted if there is a partial or complete failure of any of these IT systems or communications networks. Such failures can be caused by a variety of factors, many of which are wholly or partially outside Gulf Bank's control including natural disasters, extended power outages, cyber disruption or attacks, computer viruses and malicious third party intrusions. The proper functioning of Gulf Bank's IT systems also depends on accurate and reliable data and other system input, which are subject to human errors. Any failure or delay in recording or processing Gulf Bank's transaction data could subject it to claims for losses and regulatory fines and penalties. Gulf Bank has implemented and tested cyber resilience measures, business continuity plans and processes as well as disaster recovery procedures, but there can be no assurance that these safeguards will be fully effective and any failure may have a material adverse effect on Gulf Bank's business and reputation.

Gulf Bank's business is dependent on its information and technology systems which are subject to potential cyber-attack

The threat to the security of the Bank's information and customer data from cyber-attacks is real and continues to grow at pace. Activists, rogue States and cyber criminals are among those targeting computer systems around the world. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attack, it is possible that future attacks may lead to significant breaches of security. Failure to adequately manage information and cyber-security risk and failure to continually review and update current processes in response to new threats could disrupt the Bank's business, result in the disclosure of confidential bank or customer information, create significant financial, regulatory and/or legal exposure and damage the Bank's reputation and/or brands, which could have a material adverse effect on the Bank's business, results of operations and financial condition.

Gulf Bank's risk management policies and procedures may not be effective in all circumstances and may leave it exposed to unidentified or unanticipated risks

There can be no assurance that Gulf Bank's risk management and internal control policies and procedures will adequately control, or protect it against, all credit, liquidity, market, operational and other risks. In addition, certain risks may not be accurately quantified by Gulf Bank's risk management systems. Some of Gulf Bank's methods of managing risk are based upon the use of historical market data which, as evidenced by events caused by the global financial crisis or the Covid-19 pandemic, may not always accurately predict future risk exposures which could be significantly greater than historical measures indicate. In addition, certain risks could be greater than Gulf Bank's empirical data would otherwise indicate.

Other risk management methods depend upon evaluation of information regarding the markets in which Gulf Bank operates, its clients or other matters that are publicly available or information otherwise accessible to it. This information may not be accurate, complete, up-to-date or properly evaluated in all cases. Any material deficiency in Gulf Bank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on its business, financial condition, results of operations and prospects.

Gulf Bank's internal compliance systems might not be fully effective in all circumstances

Gulf Bank's ability to comply with all applicable regulations is largely dependent on its maintenance of compliance, audit and reporting systems and procedures, and its ability to attract and retain personnel qualified to manage and monitor such systems and procedures. Although Gulf Bank is subject to oversight by regulatory authorities, including regular examination activity, and performs regular internal audits and employs an external auditor to monitor and test its compliance systems, Gulf Bank cannot be certain that these systems and procedures will be fully effective in all circumstances, particularly in the case of deliberate employee misconduct or other frauds perpetrated against it. In the case of actual or alleged non-compliance with

applicable regulations, Gulf Bank could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages. Any of these factors could have a material adverse effect on Gulf Bank's business, operations, financial condition, and future prospects.

Gulf Bank may not be able to recruit and retain qualified and experienced personnel, which could have an adverse effect on its business and its ability to implement its strategy

Gulf Bank's ability to maintain and grow its business will depend, in part, on its ability to continue to recruit and retain qualified and experienced banking and management personnel. The Bank is likely to face challenges in recruiting qualified personnel to manage its business. In common with other banks in the GCC, the Bank experiences a shortage of qualified employees residing in Kuwait, which requires it to recruit from outside Kuwait. In addition, even after hiring its employees, the Bank has faced challenges in retaining such employees due to the continued recruitment efforts of its competitors.

In recent years, the Kuwaiti Government has made a number of announcements regarding its intention to encourage a better balance of Kuwaitis and non-Kuwaiti nationals in the private-sector workforce. This process, known as "Kuwaitisation", involves the establishment of suggested ratios for the numbers of Kuwaiti nationals who should be employed by respective industries, with the Government's recommended policy for financial institutions being that 70% of a bank's total personnel as well as executive and middle management cadres should consist of Kuwaiti nationals. If the Bank is not able to meet or exceed the Kuwaiti Government's minimum threshold for Kuwaiti employees, it may be subject to certain penalties, including an exclusion from participation in certain Kuwaiti Government-related tender processes, the imposition of fines by the Ministry of Social Affairs or the imposition of administrative or corrective action by the CBK and other governmental authorities.

The Bank depends on the efforts, skill, reputation and experience of its senior management, as well as synergies among their diverse fields of expertise and knowledge. The loss of key personnel could delay or prevent the Bank from implementing its strategies. The Bank is also not insured against losses which may be incurred in the event of the loss of any member of its key personnel.

While the Bank believes that it has effective staff recruitment, training and incentive programmes in place, its failure to recruit, train and/or retain necessary personnel, its inability to dismiss certain employees or the shortage of qualified Kuwaiti nationals or other nationals prepared to relocate to Kuwait, could have a material adverse effect on its business, results of operations and financial condition.

Gulf Bank is exposed to risk of loss as a result of employee misrepresentation, misconduct and improper practice

The Bank's employees could engage in misrepresentation, misconduct or improper practice that could expose the Bank to direct and indirect financial loss and damage to its reputation. Such practices may include embezzling clients' funds, engaging in corrupt or illegal practices to originate further business, intentionally or inadvertently releasing confidential information about clients or failing to follow internal procedures. It is not always possible to detect or deter employee misconduct, and the precautions the Bank takes to detect and prevent misconduct may not be effective in all cases. There can be no assurance that measures undertaken to combat employee misconduct will be successful. Such actions by employees could expose the Bank to financial losses resulting from the need to reimburse clients, co-investors or other business partners who suffered loss or as a result of fines or other regulatory sanctions, and could damage the Bank's reputation, which would in turn materially adversely affect the Bank's business, results of operations and financial condition.

Gulf Bank strategic plan may be inadequate

Gulf Bank has a 5 year cycle for preparing and implementing strategic plans. However, these strategic plans might be inadequate or poorly executed which would lead to long term financial, business and reputational underperformance.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of Gulf Bank's financial statements, which may cause unexpected losses in the future

Accounting policies and methods are fundamental to how the Bank records and reports its financial condition and results of operations. Pursuant to IFRS rules and interpretations in effect as at the date of this Prospectus, the Bank is required to make certain estimates in preparing its financial statements, including accounting estimates to determine financial and credit loss reserves and the fair value of certain assets and liabilities, among other items.

Management has identified the most significant judgments and estimates made by it in "Financial Review". These judgments and estimates include, for example, the determination of when certain assets may be impaired, the classification of financial assets, the determination of estimated credit losses and fair values of assets and liabilities.

A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or reducing a liability. The Bank has established policies and control procedures that are intended to ensure its significant accounting estimates and judgments are well-controlled and applied consistently. In addition, the policies and procedures are intended to ensure the process for changing methodologies occurs in an appropriate manner. However, due to the uncertainty surrounding the Bank's judgments and the estimates pertaining to these matters, the Bank cannot guarantee that it will not be required to make changes in accounting estimates or restate prior period financial statements in the future. Should the estimated values for such items prove substantially different to actual values, particularly because of significant and unexpected market movements, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Bank may experience unexpected losses.

Capital Adequacy

The Basel Committee on Banking Regulation and Supervisory Practices (the "Basel Committee") has set international standards for the capital adequacy of banks. In June 2014, Central Bank of Kuwait (CBK) issued directives on the adoption of the Capital Adequacy Standards (Basel III) under the Basel Committee framework applicable to licensed banks in Kuwait, effectively replacing and superseding the earlier requirements under the circular issued in 2005 Basel framework (Basel II).

On April 2, 2020, the CBK issued the Circular No. 2/BS/ IBS/454/2020 (the Circular) to provide support measures on Covid-19. The CBK took series of measures in its efforts to support the local economy and the banking sector in Kuwait by impacting various measures to enhance the ability of banks to play a vital role in the economy, expanding their lending space, strengthening their financing capabilities, encouraging them to lend to productive economic sectors and providing liquidity to the impacted customers. As per the Circular, the Capital Conservation Buffer requirement of 2.5% in the form of CET1 has been released. Accordingly, the minimum capital requirement has been reduced from 14% to 11.5% (including 1% D-SIB); minimum Tier1 capital requirements from 12% to 9.5% (including 1% D-SIB) and minimum CET1 requirements from 10.5% to 8% (including 1% D-SIB). These amendments have been changed effective January, 1 2022.

On October 11, 2021, the CBK announced to unwind support measures imposed to counter Covid-19. As per the announcement, the Capital Conservation Buffer requirement in the form of CET1 has been increased by 1% effective January 1, 2022 and another 1.5% increase effective January 1, 2023. Accordingly as of January 1, 2023, the minimum capital requirement has been increased to 14% (including 1% D-SIB); minimum Tier1 capital requirements increased to 12% (including 1% D-SIB) and minimum CET1 requirements increased to 10.5% (including 1% D-SIB).

As of 30 June 2023, the Bank's regulatory capital ratios remained strong as the Tier 1 ratio of 13.87% was 1.87% above the regulatory minimum of 12% and the Capital Adequacy Ratio (CAR) of 16.08% was 2.08% above the regulatory minimum of 14%.

As mentioned above, the capital adequacy level maintained by the Bank currently exceeds the minimum requirements set out by CBK and the Basel Committee. However, a variety of factors affect Gulf Bank's capital adequacy levels, including, in particular, changes in its risk weighted assets and its profitability from one period to another. If the Bank's loan portfolio continues to grow significantly, or if the level of loan impairments increases, and the Bank fails to generate a sufficient level of profits to ensure consistent growth in equity through retained earnings, the capital adequacy level may come under strain and the Bank would need to inject fresh capital to maintain the minimum capital adequacy ratios set by CBK. Such capital, whether in the form of debt financing or additional equity, may not be available on attractive terms or at all.

Any failure by the Bank to maintain certain capital adequacy ratios could lead to the imposition of sanctions by CBK, such as limitations on the Bank's ability to pay dividends, the issuance by CBK of a directive to increase capital and/or sell or reduce assets, the imposition of fines, as well as to a deterioration in credit ratings and an increase of cost of funding. Any of these outcomes could have an adverse effect on the Bank's business, financial condition, results of operations or prospects.

Gulf Bank's three largest shareholders who are required to disclose shareholdings pursuant to the CMA Rules control 45.41% of its shares and their interests may, in certain circumstances, conflict with other shareholders

Gulf Bank's three largest shareholders who are required to disclose shareholdings pursuant to the CMA Rules are, the Group of Kutayba Youssef Ahmad Alghanim (Alghanim Trading Co. WLL), The Public Institution for Social Security and the Behbehani Investment Company. Together they have beneficial ownership of 45.41% of the shares in Gulf Bank as of 1 October 2023.

As a result, these shareholders, acting together or with other shareholders, may be able to block certain actions or resolutions proposed at Gulf Bank's annual or extraordinary assembly of shareholders. Consequently, investors should note that the interests of Gulf Bank's major shareholders may, in certain circumstances, be different from those of Gulf Bank's other shareholders (including the holders of the Issue Shares) and, in those circumstances, said holders of the shares could be disadvantaged.

RISKS RELATING TO THE REGION IN WHICH THE BANK OPERATES

Kuwait's economy and government revenues are significantly impacted by, and are dependent upon, international oil prices

The oil sector is the principal contributor to Kuwait's economy and oil revenues account for the majority of the Kuwaiti Government's total revenues and export earnings. According to the CSB, the oil sector (including refining) accounted for 47.5%, 45.8%, 34.6% and 44.9% of Kuwait's nominal GDP in 2018, 2019, 2020, and 2021 respectively. The oil sector continues to be the main contributor to Kuwait's annual revenues, accounting for 83.5% of total Government revenues for the fiscal year ended 31 March 2022, according to the Ministry of Finance. Accordingly, Kuwait's economy is significantly impacted by, and is dependent upon, international oil prices.

The impact on Kuwait's economy of prevailing higher oil prices between 2021 and the end of 2022 positively impacted economic sectors which are, in part, dependent on the success of the oil and gas sector. However, the elevated oil prices are not guaranteed to sustain and increased volatility in oil prices could occur in the near future. Additionally, although the CBK has the ability to adjust the components of the Foreign Currency Basket against which the Kuwaiti Dinar is pegged, there can be no assurance that the CBK will maintain the Kuwaiti Dinar Basket at its current level, which could lead to higher inflation and negatively affect confidence in the Kuwaiti economy.

In general, international prices for crude oil are affected by many factors over which the Bank has no control, including:

- economic and political developments in oil-producing regions, particularly in the Middle East (see "Kuwait is located in a region that has been subject to ongoing political and security concerns" below) as well as globally;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products, including the price and availability of new technologies such as renewable energy and unconventional oil and gas extraction methods;
- the impact of the COVID-19 pandemic and associated travel restrictions;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of local and international environmental regulations designed to reduce carbon emissions and/or climate change;
- other actions taken by major crude oil producing or consuming countries; and the attitude and sentiments of and actions by consumers generally globally towards products derived from or based on oil;
- prices and availability of alternative fuels as well as prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

There can be no assurance that these factors, in combination with others, will not result in a future decline (which may be prolonged) in oil prices, which may have an adverse effect on the Kuwaiti economy which, in turn, could have a material adverse effect on the Bank's business, financial condition and results of operations and thereby affect the performance of the Bank's shares.

Kuwait is located in a region that has been subject to ongoing political and security concerns

Majority of the Bank's current operations and interests are located in Kuwait. The Bank's results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Kuwait, in particular, by the level of economic activity in the region which, in turn, is affected by the prevailing level of global crude oil prices. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Bank would be able to sustain the operation of its business if adverse political events or circumstances were to occur. A general downturn or instability in certain sectors of the Kuwaiti or the regional economy could have an adverse effect on the Bank's business, results of operations and financial condition.

Although Kuwait generally enjoys domestic political stability and healthy international relations, it is located in a region that is strategically important and parts of this region have experienced regional geopolitical instability, for example the 1990 invasion of Kuwait by Iraqi forces, 2011 "Arab Spring", which gave rise to several instances of regime change and increased political uncertainty in the MENA region, and the multinational conflict with the Islamic State of Iraq and the Levant ("ISIL"),

also known as Daesh or ISIS founded in 2013. These situations have caused significant disruption to the economies of the affected countries and have had a destabilizing effect on international oil and gas prices.

Tax changes in Kuwait may have an adverse effect on Gulf Bank

As at the date of this Prospectus, the Bank is not currently subject to corporation tax on its earnings within Kuwait and Kuwait does not impose value-added tax ("VAT") on the sale of goods and services. However, investors should be aware that certain GCC states, not including Kuwait, have recently implemented VAT on goods and services as part of a GCC-wide VAT framework. Kuwait is not currently expected to implement VAT during second half of 2023. In addition, the Kuwaiti Government is implementing fiscal reforms which may include introducing a proposed 10% corporate income tax in the future.

It is possible that, once VAT is introduced in Kuwait, the Bank's costs would increase and its future profitability could be negatively affected. In addition, the proposed imposition of a tax on corporate earnings, if implemented and applied to the Bank's operations, would reduce its profits available for distribution to shareholders through dividends.

Kuwait may introduce corporate income tax

The Bank is not currently subject to corporation tax on its earnings within Kuwait. However, on 14 March 2016 the Kuwait Cabinet of Ministers approved plans to implement a corporate tax of 10% on the annual profits of Kuwaiti incorporated entities (the "Proposed Corporate Income Tax"), which may be applicable to the Bank for future financial years. As at the date of this Prospectus, the Proposed Corporate Income Tax does not have the force of law until such time as it has been ratified by the Kuwaiti Parliament, signed by the Emir and published in the Official Gazette. It is currently uncertain as to whether the Proposed Corporate Income Tax will be promulgated into law in the form in which it has been proposed by the Cabinet of Ministers, or at all. If the Kuwaiti authorities impose new tax regimes on the Bank (whether in the form of the Proposed Corporate Income Tax or otherwise), or introduce any other changes in tax laws which make doing business in Kuwait less attractive, this may have a material adverse effect on the Bank's business, results of operations, cash flows and financial condition.

The Kuwait legal system continues to develop and this may create an uncertain environment for investment and business activity

Kuwait is in the process of developing governing institutions and legal and regulatory systems, which are not yet as firmly established as they are in Western Europe and the United States. Kuwait (together with other countries in the GCC region) has enacted measures to promote greater efficiency and certainty within its legal and regulatory systems. Among those measures, Kuwait and countries within the GCC region have assumed obligations under the General Agreement on Tariffs and Trade (the "GATT") (as administered by the World Trade Organization (the "WTO")) and Kuwait has enacted legislation, inter alia, to extend foreign ownership of businesses. However, Kuwait may experience changes in its economy and government policies (including, without limitation, policies relating to the continued extension of the rights of foreign ownership pursuant to Kuwait's GATT/WTO obligations) that may affect the rights of shareholders.

The legal system in Kuwait may not provide the same degree of protection or require the levels of disclosure of information that would be the case in Western Europe or the United States. Any unexpected changes in the legal systems in Kuwait may have a material adverse effect on the rights of the shareholders or the investments that the Bank has made or may make in the future, which may in turn have a material adverse effect on the Bank's business, financial condition and results of operations.

Investing in securities involving emerging markets countries, such as Kuwait, generally involves a higher degree of risk than investments in securities of issuers from more developed countries

Investing in securities involving emerging markets countries, such as Kuwait, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. In the case of Kuwait, these higher risks include those discussed in this section as well as higher volatility and limited liquidity in its markets, a heightened risk of sudden changes in the legal, economic and political environment, instability in neighboring countries, a heightened risk of business dealings in jurisdictions with operating risks relating to fraud, bribery and corruption and lack of adequate infrastructure necessary to accelerate economic growth.

Additionally, emerging markets may be particularly susceptible to disruptions in the capital markets and the reduced availability of credit, or the increased cost of debt, which could result in their experiencing financial difficulty. No assurance can be given that this will not be the case in the future for Kuwait.

As a consequence, an investment in the Issue Shares carries risks that are not typically associated with investing in shares issued by issuers in markets which are more mature. Accordingly, prospective investors should exercise particular care in

evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE RISK ASSOCIATED WITH THE ISSUE SHARES

RISKS RELATED TO THE ISSUE SHARES

Suitability of investment

Each prospective subscriber to the Issue Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the share, the merits and risks of investing in the shares, and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the shares and the impact the shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of risks of an investment in the shares, including where the currency for principal and interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the shares and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Liquidity and volatility in the Share price

Subscribers may not be able to resell their Shares (including the Issue Shares) at or above the Issue Price, or at all, as the market price of the Shares after the Offering may be adversely affected by factors within and outside the Issuer's control, including, but not limited to, variations in the Issuer's results of operations, market conditions, or changes in Government regulations.

Subscribers should be aware that the value of an investment in the Shares (including the Issue Shares) may go down as well as up. The market price of the Issue Shares could be volatile and subject to significant fluctuations due to a change in sentiment in the market regarding the Issue Shares. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for securities and which may be unrelated to the Issuer's performance or prospects. Furthermore, the Issuer's operating results and prospects from time to time may be below the expectation of market analysts and the market generally. Any of these events could result in a decline in the market price of the Shares.

Dividend payments

The Shareholders will be entitled to receive any dividends declared by the Issuer in the future. The Issuer intends to maintain a dividend payout which has due regard to sustainable levels of dividend distribution and which reflects the Issuer's view on the outlook for sustainable recurring earnings. The Issuer does not aim to create reserves that are not available for distribution to Shareholders other than those required by law. The Issuer intends to pay dividends when the Board of Directors considers it appropriate and after obtaining required approvals. Furthermore, the dividend policy of the Issuer may change from time to time.

Dilution of existing shareholdings

If Eligible Shareholders do not take up their rights by the latest date for receipt of applications and payments in full that are set out in this Prospectus, their proportionate ownership and voting interests in the Issuer will be reduced and the percentage that their Issue Shares represent in the share capital of the Issuer immediately following the Offering will be reduced accordingly. In addition, Eligible Shareholders as at the Record Date who take up their rights in full may suffer some dilution of their interest in the Issuer as their entitlement will be rounded down to the nearest whole number of Issue Shares. Such Shareholders may, in the event of availability of unsubscribed Issue Shares, be able to subscribe for Additional Issue Shares, which may enable them to maintain or increase their proportionate interest in the Issuer.

Taxation risks on payments

The application and enforcement of the Kuwaiti income tax regime is uncertain, and holders of the Issue Shares which are “non-GCC corporate entities” may become subject to the Kuwaiti income tax regime in certain limited circumstances.

The application and enforcement of the Kuwaiti income tax regime to holders of the Issue Shares which are “non-GCC corporate entities” (as defined in “**Taxation**”) is uncertain. There is a possibility that any holder of the Issue Shares which is a non-GCC corporate entity may become subject to the Kuwaiti income tax regime in the future, should the Department of Income Tax (the “**DIT**”) at the Kuwaiti Ministry of Finance and/or the Kuwaiti courts determine that the income received by a holder of the Issue Shares in respect of any Issue Shares is taxable notwithstanding the Tax Exemptions (as defined and explained in “**Taxation**”).

To date there has been no official statement made publicly by the DIT regarding its interpretation of, and/ or application of, the Tax Exemptions in the context of a transaction such as the issue of the Issue Shares. Similarly, the Kuwaiti courts (who will be the final arbiters on the matter) have not been required to interpret such requirement to date. Although there has been no precedent of the DIT enforcing the imposition of income tax on non-GCC corporate entity shareholders in the circumstances described above, it is not possible to state definitively how the DIT and/or the Kuwaiti courts may implement or enforce the Taxation Laws (as defined in “**Taxation**”) and the Tax Exemption in practice. Furthermore, the DIT has to date not always adopted consistent rulings on Kuwaiti tax matters more generally.

If the DIT and/or the Kuwaiti courts were to determine that the income received by a holder of Issue Shares which is a non-GCC corporate entity in respect of any Issue Shares held by it is taxable, then such non-GCC corporate entity would become subject to the Kuwaiti income tax regime, which requires income tax (at a rate of 15 per cent.) to be levied on the net income and possibly capital gains of such non-GCC corporate entities, and imposes certain disclosure and reporting obligations on persons subject to such regime (which would include an obligation to file a tax return in Kuwait). In addition, a deduction of five per cent. of the amount of any payments made by the Issuer directly to the holders of the Issue Shares may be applied in certain circumstances, pending resolution of their tax position. See “Taxation” – Retention for further details.

Whilst the application and enforcement of the Kuwaiti income tax regime remains uncertain, there can be no assurance that holders of Issue Shares which are “non-GCC corporate entities” will not become subject to such regime in the circumstances described above. Prospective subscribers for the Issue Shares are advised to consult their tax advisers as to the consequences under Kuwaiti and other applicable tax laws of acquiring, holding and disposing of the Issue Shares and receiving payments under the Issue Shares. See “Taxation” for further details.

Change in Law

No assurance can be given as to the impact of any possible change to Kuwaiti law or to administrative practice after the date of the Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments and/or make deliveries under the Issue Shares, as applicable.

Risks Associated with Transfer of Pre-Emptive Rights

A shareholder who disposes of their pre-emptive right may be subject to reduction of percentage of the shareholding they previously held prior to the commencement of subscription in the offering shares in addition to the consequences the alienator may face as regards the change in the value of his current shares if they remain a shareholder.

Eligible Shareholders who do not Subscribe to the Issue Shares

Eligible Shareholders who do not subscribe to the Issue Shares shall be subject to a reduction in the proportion of their equity in the Issuer as well as a reduction in the value of their Issued Shares. Owners of Transferred Pre-emption Rights who do not exercise their right to subscribe to the Issue Shares prescribed for these rights, shall waive the price paid by them in exchange for these rights without having the right of any recourse against the Bank, the Subscription Agents, or the Clearing and Depository Agent for any claim or compensation.

Owners of Transferred Pre-emption Rights in the case of Retraction of Capital Increase

In the event of retracting the capital increase, the Owners of Transferred Pre-emption Rights will not be able to exercise their right to subscribe to the Issue Shares, which will lead to the loss of the price that the Owners of Transferred Pre-emption Rights paid for the Pre-emptive Right without having the right of any recourse against the Bank, the Subscription Agents, or the Clearing and Depository Agent for any claim or compensation.

TAXATION

The following is a summary description of certain Kuwaiti tax considerations relating to the Issue Shares. It does not purport to be a complete analysis of all tax considerations relating to the Issue Shares, whether in Kuwait or elsewhere. Prospective subscribers of Issue Shares should consult their tax advisers as to the consequences under the tax laws of the country in which they are resident for tax purposes and the tax laws of Kuwait of acquiring, holding and disposing of Issue Shares and receiving payments under the Issue Shares and the consequences of such actions under the tax laws of the State of Kuwait. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

This summary of taxation in Kuwait is based on the Kuwait Income Tax Decree No. 3 of 1955 (the Decree), as amended by Law No. 2 of 2008 “Amending Certain Provisions of Kuwait Income Tax Decree No. 3 of 1955” (the “**Amendment**”), the Executive Bylaws of the Amendment (the “**Regulations**”), and various ministerial resolutions and circulars relating thereto issued by the Ministry of Finance (the “**MOF**”) (together, the “**Taxation Laws**”) as interpreted and implemented by the MOF’s Department of Income Tax (“**DIT**”) as at the date of this Prospectus. Any subsequent changes in either the Taxation Laws or the interpretation or implementation of the same by the DIT would alter and affect this summary.

Income Tax

Under the Taxation Laws, income tax (at a flat rate of 15 per cent.) is levied on, *inter alia*, the net income and capital gains realized by any corporate entity (interpreted by the DIT to mean any form of company or partnership), wherever incorporated, that conducts business in Kuwait. However, the DIT to date has granted a concession to such corporate entities incorporated in Kuwait or in any other GCC country (being referred to in this Prospectus as GCC corporate entities) and has only imposed income tax on corporate entities which are not GCC corporate entities (being referred to in this Prospectus as non-GCC corporate entities) which, for the avoidance of doubt, includes shareholders of GCC corporate entities which are themselves non-GCC corporate entities, in each case, conducting business in Kuwait. The following paragraphs in this section are therefore applicable only to non-GCC corporate entities.

Notwithstanding the above, the Article 8(1) of the Regulations have exempted capital gains from the trading of listed company shares on Bursa Kuwait (the “**Capital Gain Exemption**”) and the recently implemented Law No. 22 of 2015 amending Law No. 7 of 2010 (the “**CMA Amendment**”) provides that “yields of securities, bonds, finance sukuk and all other similar securities regardless of the Issuer thereof shall be exempted from tax” (Article 150 bis of the CMA Amendment) (the “**Dividend Exemption**”, and together with the Capital Gain Exemption, the “**Tax Exemptions**”). Although the Tax Exemptions are yet to be tested, they clearly provide for a tax exemption to the holders of securities such as, for example, the Issue Shares. Notwithstanding the foregoing, the application and enforcement of the Kuwaiti income tax regime remains uncertain, especially as a result of the lack of DIT and/or Kuwaiti court precedent referred to above and as a result of the fact that the DIT has to date not always adopted consistent rulings on Kuwaiti tax matters more generally. Accordingly, prospective investors in the Issue Shares are advised that there remains a possibility that any holder of Issue Shares which is a non-GCC corporate entity may become subject to the Kuwaiti income tax regime in the future (which would include an obligation to file an income tax return in Kuwait).

Individuals are not subject to any Kuwaiti income tax on their income or capital gains.

Retention

Under the Regulations, a Kuwaiti-based party making such a payment (being referred to in this section as the payer) to any other party (being referred to in this section as the payee), wherever incorporated, is obliged to deduct five per cent of the amount of each such payment until such time as the DIT issues a tax clearance certificate approving the release of such amount. The payer is not required to transfer the deducted amount to the DIT immediately, but instead retains such amount and releases it either (i) to the payee upon presentation to the payer by such payee of a tax clearance certificate from the DIT confirming that the payee is not subject to or is exempt from income tax, or has realized a loss, or has paid or guaranteed the payment of its income tax; or (ii) in the absence of such a tax clearance certificate, to the DIT, on demand. According to a literal interpretation of the Regulations, payments which are subject to a deduction as described above would include dividend payments.

Although payments made by the Issuer would likely not be subject to retention because of the Tax Exemptions, there is a lack of guidance on this issue currently from the DIT, and as such, there is a remote possibility that retention could apply, in the event of which, the Issuer would be required to deduct five per cent. from every payment made by it to the holders of Shares, which amount would be released by the Issuer upon presentation to it by the relevant holder of Shares of a tax clearance certificate from the DIT.

Other taxes

Save as described above, all payments in respect of the Issue Shares may be made without withholding, deduction or retention for, or on account of, present taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Kuwait.

No stamp, registration or similar duties or taxes will be payable in Kuwait by holders of Issue Shares in connection with the issue or any transfer of the Issue Shares.

MAJOR CONTRACTS

The Bank has not entered into any major contracts outside its area of activities (except as described in the Prospectus description of business).

The Bank has no specific clients or suppliers and patents, intellectual property rights, licenses or private contracts which have a major significance for the Issuer's activity (except as described in the Prospectus description of the business).

GENERAL INFORMATION

The legal form of the issuing Bank and the legislation that governs its establishment and operations:

The Bank was incorporated on 29 October 1960 and is registered with the Central Bank of Kuwait and is registered with the Ministry of Commerce and Industry under Commercial Registration No. 8347. The Bank is a Kuwait Public Shareholding Company.

Share Capital of the Bank:

As of 30 June 2023, the Bank has an authorized share capital of KWD 486,056,100.600 comprising of 4,860,561,006 shares of KWD 0.100 each.

As of 30 June 2023, the Bank has an issued and paid-up share capital of KWD 336,056,100.600 comprising of 3,360,561,006 shares of KWD 0.100 each.

Objectives of the Bank:

In general, the Bank may carry out all banking and commercial operations and services permissible under the law, regulations and statutes adopted in commercial banks. The Bank may acquire interest in, or in any manner associate itself with bodies carrying out activities similar to its own, and which may assist the Bank to realize its objectives in the State of Kuwait or abroad, or it may acquire total equity in or annex such bodies.

Management of the Bank:

Management of the Bank is entrusted to a Board of Directors comprised of eleven members elected by the shareholders general assembly of the Bank. Members of the Board of Directors of the Bank are appointed for a period of three years renewable. Upon the expiry of such period, the total Board of Directors shall stand again for election. Any member of the Board of Directors may be re-elected more than once.

The Board of Directors shall elect by secret ballot a Chairman and a Deputy Chairman. The Chairman shall represent the Bank in its relations with third parties and before courts, in addition to other competences stated in the Bank's Memorandum and Articles of Association. His signature shall be considered as the signature of the board of directors in the Bank's relations with third parties. He shall implement the Board resolutions, and shall adhere to its recommendations. The Deputy Chairman shall replace the Chairman in the absence of the latter, or if his performance of his competences is hindered.

The Board of Directors shall meet at least six times during the financial year of the Bank at the request of the Chairman. A meeting of the Board of Directors shall be deemed valid if attended by the at least three of its members. Attendance by way of proxy shall not be valid.

Resolutions by the Board shall be passed by absolute majority of those present. In case of a tie vote, the Chairman shall have a casting vote. Meetings may be held using modern means of communication, and resolutions may be adopted by circulation, with the approval of all Directors.

The Bank shall have one or more Chief Executive Officers (CEO), to be appointed by the Board of Directors from the Board Members or others, to be assigned to manage the Bank. The Board of Directors shall determine his allocations and signature authority for the Bank. Both posts of the Chairman and CEO may not be combined.

Regulatory Authorities

The Central Bank of Kuwait and the Kuwait Capital Markets Authority, are the regulating authorities in charge of issuing the required licenses and approvals for the issuance of the Issue Shares.

Change in Financial Position

Save as disclosed in this Prospectus, there has been no material adverse change in the financial position of the Bank since 31 December 2022, the date of its latest audited financial statements.

Auditors

The Bank has appointed Deloitte and Touche (Al Wazzan & Co.) and Ernst & Young (Al Aiban, Al Osaimi & Partners) as joint auditors.

The Bank's financial statements as at and for the years ended 31 December 2018, 31 December 2019, 31 December 2020, 31 December 2021 and 31 December 2022 have been jointly audited by Deloitte and Touche (Al Wazzan & Co.) and Ernst & Young (Al Aiban, Al Osaimi & Partners).

The Bank's interim financial statements for the period ended 30 June 2023 have been jointly reviewed by Deloitte and Touche (Al Wazzan & Co.) with license No. 209 A and Ernst & Young (Al Aiban, Al Osaimi & Partners) with license No. 208 A.

Litigation Against Gulf Bank K.S.C.P.

With the exception of lawsuits arising out of the ordinary course of business of the banking sector involving Gulf Bank and its customers which do not present any likely potential impact or implications on Gulf Bank or the Group's financial position, there are no claims, legal action or arbitral proceedings against Gulf Bank or any of its subsidiaries which may have a material impact on its financial position.

Resolution of the General Assembly and Board of Directors

The issuance of the Issue Shares was authorized by resolutions of the General Shareholders Assembly of the Bank passed on 13 May 2023 and by the Board of Directors of the Bank on 09 August 2023.

Official Consent

Approval has been granted for the Bank to issue the Issue Shares by the Central Bank of Kuwait on 28 August 2023. Approval has also been granted by the Kuwait Capital Markets Authority on 14 September 2023 for the Bank to issue the Issue Shares and has granted approval of the Prospectus in respect to the Issue Shares on 9 October 2023.

Clearance

The clearing of the shares transaction shall be completed through the Kuwait Clearing Company K.S.C.

Control/Supervision of the Bank

The Issuer is a bank incorporated in the State of Kuwait pursuant to the Companies Law No. 1 of 2016, as amended and its Executive Regulations. The Bank is subject to the control/supervision of the CBK, the CMA and Ministry of Commerce and Industry in Kuwait.

ARTICLES OF ASSOCIATION AND MEMORANDUM OF ASSOCIATION

[Click here to view the Articles of Association and Memorandum of Association](#)

FINANCIAL STATEMENTS

- [Click here to view the Interim financial statements for the 6 months ended 30 June 2023](#)
- [Click here to view the financial statements for year ended 31 December 2022](#)
- [Click here to view the financial statements for year ended 31 December 2021](#)
- [Click here to view the financial statements for year ended 31 December 2020](#)

Issuer

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