

Kuwait, 7 June 2023

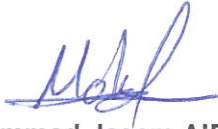
Bursa Kuwait
State of Kuwait

Dear Sirs,

This is made pursuant to Module Ten, Chapter Four of the Resolution No. (72) of 2015, concerning the amended Executive Regulations of Law No. 7/2010 on the “Establishment of Capital Markets Authority and the regulation of Securities Activity”, pertaining to the “Disclosure of Material Information and the Mechanism of Notification”.

Please find attached the duly filled Credit Rating Disclosure Form containing Capital Intelligence’s affirmation of Gulf Bank’s KD 50M Basel III-Compliant Tier 2 Subordinated Bonds’ rating at “BBB+”.

Best regards



Mohammad Jasem AlBeloushi
Assistant General Manager
Head of Compliance & Disclosure Unit



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Credit Rating Disclosure Form

Date	7 June 2023
Bank's Name	GULF BANK K.S.C.P
Rating Agency	Capital Intelligence Ratings
Rating Category	<ul style="list-style-type: none"> • KWD50mn Basel III-compliant Tier 2 Subordinated bond • Long-term issue rating: "BBB+"
Rating Implications	<p>Credit Strength</p> <ul style="list-style-type: none"> • Fifth largest bank in Kuwait in terms of total assets, with one of the largest distribution networks in the country and a sound market share of both loans and deposits. • Loan asset quality metrics are good as indicated by a fairly well diversified loan book by customer segment and economic sector. • Deep customer deposit base and sound liquidity position. <p>Credit Challenges</p> <ul style="list-style-type: none"> • High depositor concentrations remain a credit challenge for the Bank, with this risk factor being in common with other Kuwait banks. • The moderately high borrower concentration will remain a vulnerability for the Bank (as well as its peers), given Kuwait's small market size and undiversified economy.
Rating effect on the status of the Company	<ul style="list-style-type: none"> - Affirmed the rating of Gulf Bank's KWD 50 million Basel III-compliant Tier 2 Subordinated Bonds at 'BBB+' - Outlook Rating Action: Affirmed Outlook at "Stable" - No financial impact on the Bank
Outlook	Affirmed Outlook at "Stable"



Press Release /
Executive Summary

Capital Intelligence Ratings (CI Ratings or CI) has affirmed Gulf Bank's (GB) Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) at 'A+' and 'A1', respectively. GB's Bank Standalone Rating (BSR) of 'a-', Core Financial Strength (CFS) rating of 'a-', and Extraordinary Support Level (ESL) of High have also been affirmed. The Outlook for the LT FCR and BSR remains Stable.

At the same time, CI Ratings has affirmed the rating on the Bank's KWD50mn Basel III-compliant Tier 2 Subordinated bond at 'BBB+', with a Stable Outlook. The local currency bond comprises a KWD25mn Floating Rate Tranche and a KWD25mn Fixed Rate Tranche.

The rating on the bond is derived from: (i) GB's BSR; (ii) the bond's contractual subordination to senior unsecured obligations; and (iii) CI's view that the bond's loss absorption mechanism is unlikely to be triggered before the Bank is non-viable on a standalone basis. CI's issue ratings for bank hybrid securities and subordinated debt instruments (especially those with contingent capital features) capture impairment risk (which includes the likelihood of losses due to the activation of any loss absorbing mechanisms) and repayment priority. CI typically uses a bank's BSR as the starting point for such securities. This is because it is considered more likely that extraordinary support, which is factored into international issuer credit ratings, will only be made available for senior financial obligations rather than for subordinated obligations. Consequently, from GB's BSR of 'a-' CI has deducted one notch for contractual subordination. There is no additional deduction for impairment risk since CI believes that the bond is unlikely to take losses before the Bank has reached the point of non-viability (PONV).

The Stable Outlook indicates that the issuer and issue ratings are likely to remain unchanged over the next 12 months. CI anticipates that the Bank's key financial metrics relating to loan asset quality, liquidity and capital are more than likely to be maintained, buoyed by the improving operating environment, which is supported in turn by favorable oil prices and the continued recovery of businesses from the pandemic.

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