

Kuwait, 9 June 2022

Boursa 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 Gulf Bank’s credit rating by Capital Intelligence Ratings.

Best regards



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



Credit Rating Disclosure Form

Date	9 June 2022
Bank's Name	GULF BANK K.S.C.P
Rating Agency	Capital Intelligence Ratings
Rating Category	<ul style="list-style-type: none"> > Long-term Foreign Currency (LT FCR) 'A+' > Short-term Foreign Currency (ST FCR) 'A1' > Bank Standalone Rating (BSR) 'a-' > Core Financial Strength (CFS) 'a-' > Extraordinary Support Level (ESL) 'High'
Rating Implications	<p>Credit Strength</p> <ul style="list-style-type: none"> • Fifth largest bank in Kuwait in terms of total assets, well established business franchise and sound market share. • Excellent loan asset quality metrics and solid capital ratios; notwithstanding decline in 2021. • Large customer deposit base and sound liquidity position; government blanket guarantee for customer deposits. • High likelihood of extraordinary support from the government of Kuwait. <p>Credit Challenges</p> <ul style="list-style-type: none"> • Moderately high customer concentration in both the loan book and customer deposit base, in common with the sector. • Small size of domestic banking market and economic dependency on the hydrocarbon sector.
Impact of Rating on the Bank	<ul style="list-style-type: none"> > Affirmed the rating of Gulf Bank's Long-Term Foreign Currency at 'A+'. > Outlook Rating Action: Affirmed Outlook at "Stable". > No financial impact on the Bank.
Outlook	Outlook Rating Action: Affirmed Outlook at "Stable"
Press Release / Executive Summary	Capital Intelligence Ratings (CI Ratings or CI) has affirmed the LT FCR and ST FCR of Gulf Bank (GB) at 'A+' and 'A1', respectively. At the same time, CI Ratings has affirmed Gulf Bank's BSR of 'a-' and CFS rating of 'a-'. The Outlook for the LT FCR and BSR is Stable.

The Bank's LT FCR is set two notches above the BSR to reflect the high extraordinary support level (ESL). The ESL takes into account the Bank's systemic importance, the Kuwaiti government's strong track record of providing assistance to banks in the event of need, the existence of a state guarantee on all deposits placed inside Kuwait, and the strong financial capacity of the government to provide support.

Gulf Bank's BSR is derived from a CFS rating of 'a-' and an Operating Environment Risk Anchor (OPERA) of 'bbb'. The latter indicates modest risk and reflects the substantial financial buffer of the sovereign and its capacity to support the banking system in case of imbalances. It also reflects the economy's limited diversification including high reliance on hydrocarbon exports and considerable policy risk in view of the continued delay to pass key laws such as the debt law and other reforms following the latest surge in hydrocarbon prices. Economic performance is expected to improve further this year in tandem with the increased hydrocarbon production and the continued recovery from the adverse impact of the pandemic.

The BSR and CFS are supported by Gulf Bank's well established business franchise, especially in retail banking, very good loan asset quality metrics, solid capital position and sound liquidity metrics. The CFS also reflects Gulf Bank's size as the 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.

Gulf Bank is considered a well-managed institution and conservative lender. Loan asset quality metrics are very good as indicated by a fairly well diversified loan book by customer segment and economic sector. Despite the impact of the pandemic and related forbearance measures over the past two years, Gulf Bank's Non-Performing Loan (NPL) and Stage 3 loans ratios remained very modest with very high loss coverage. The latter was also the one of the strongest in the industry.

Going forward, higher economic growth in line with rising oil prices, alongside a recovery of business activities, is expected to generate good prospects for loan expansion, as well as create better lending conditions. Capital Intelligence therefore anticipates that Gulf Bank will maintain very good and better than sector average loan asset quality metrics. Given Kuwait's small market size and undiversified economy, the moderately

	<p>high borrower concentration will however remain a vulnerability for Gulf Bank (as well as its peers).</p> <p>The Stable Outlook for the LT FCR and BSR reflects our expectation that ratings will remain unchanged over the next 12 months, and that the Bank will be able to maintain its current risk profile.</p>
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