

Kuwait, 21 June 2018

Boursa Kuwait
State of Kuwait

This is made pursuant to Rulebook 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 Standard & Poor’s Global Ratings affirmation of Gulf Bank’s rating at A- and revising its outlook from “Positive” to “Stable”.

Best regards



Ahmad Khodr
AGM- Head of Compliance & Disclosure

Disclosure and Transparency

Credit Rating Disclosure Form

Date	21 June 2018
Bank's Name	GULF BANK K.S.C.P
Rating Agency	S&P Ratings
Rating Category	Issuer Credit Ratings A-/Stable/A-2 SACP : bbb- Anchor bbb Business Position: Adequate Capital & Earnings: Adequate Risk Position: Moderate (-1) Funding & Liquidity: Average and Adequate Support +3 Sovereign Support: +3
Rationale for Rating Change/ Key Drivers	<p>Credit Strengths</p> <ul style="list-style-type: none"> • Gulf Bank's progress in improving its asset quality profile • Sound market position as the fourth largest commercial bank in Kuwait. • Market share in loans and deposits has been improving • The bank will continue to grow faster than the market <p>Credit Challenges</p> <ul style="list-style-type: none"> • High single-party and industry loan concentrations
Impact of Rating on the Bank	Credit Rating Action: Affirmation of bank rating at A- Outlook Rating Action: revised outlook from "Positive" to "Stable" Impact: No financial impact on the Bank
Outlook	Stable
Translation of the Press Release or the Executive Summary	<p>On June 21, 2018, S&P Global Ratings revised its outlook on Kuwait-based Gulf Bank to stable from positive. At the same time, we affirmed our 'A-/A-2' long and short-term issuer credit ratings on the bank.</p> <p>We previously saw a meaningful possibility that Gulf Bank's capitalization and risk profile could improve through end-2019. However, we now see this prospect as having receded and have therefore revised the outlook to stable. In our view, Gulf Bank will have limited internal capital generation capacity</p>

over the next 12-24 months. This is because we expect the bank's growth in Kuwait will exceed the market average, while the dividend pay-out ratio remains at about 50%, consistent with recent years.

We also factor in the impact of the bank's implementation of International Financial Risk Standard No. 9 (IFRS 9) in 2018. As a result, we do not expect the bank's risk-adjusted capital (RAC) ratio before adjustments will stay above 10% over the next 12-24 months. We now project a RAC ratio of about 9.5% through to year-end 2019.

That said, we acknowledge Gulf Bank's progress in improving its asset quality profile.

Our ratings continue to reflect Gulf Bank's sound market position as the fourth largest commercial bank in Kuwait. Gulf Bank's market share in loans and deposits has been improving, and we believe the bank will continue to grow faster than the market, albeit with relatively lower yields.

The stable outlook on Gulf Bank reflects our view that the bank's business and financial profiles will remain resilient over the next 24 months. This is owing to the bank's adequate capitalization, good asset quality although it might weaken modestly over this period, and our view that existing concentrations will neither worsen nor improve materially.