

Kuwait, 7 June 2023

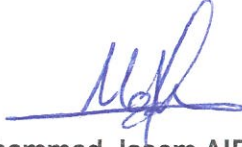
Boursa Kuwait
State of Kuwait

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 Capital Intelligence’s affirmation of Gulf Bank’s Long-Term Foreign Currency Rating at “A+”.

Best regards



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



[GBK Classification: PUBLIC]

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"> > 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, 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 Long-Term Foreign Currency at 'A+'. > Outlook Rating Action: Affirmed Outlook at "Stable". > No financial impact on the Bank.

[GBK Classification: PUBLIC]



<p>Outlook</p>	<p>Affirmed Outlook at “Stable”</p>
<p>Press Release / Executive Summary</p>	<p>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.</p> <p>The two-notch uplift of the Bank’s LT FCR above the BSR is based on an ESL of High. The ESL takes into account GB’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.</p> <p>The BSR is derived from a CFS rating of ‘a-’ and an Operating Environment Risk Anchor (OPERA) of ‘bbb’. The latter indicates modest risk level 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. Economic performance accelerated in 2022, reflecting growth in both the hydrocarbon and non-hydrocarbon sectors. Economic growth is expected to moderate this year but will remain satisfactory.</p> <p>The BSR and CFS are supported by the Bank’s well established business franchise, especially in retail banking, good loan asset quality metrics, solid capital position despite recent slippage, and sound liquidity metrics. The CFS also reflects GB’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.</p>

[GBK Classification: PUBLIC]



GB is considered a well-managed institution and conservative lender. The Bank's NPLs declined in Q1 23 and the NPL ratio also dropped to a historically low level. In turn, the already high loss coverage ratio strengthened to one of the best in the industry. Furthermore, Stage 2 loans declined to a fairly moderate level in both 2022 and Q1 23.

Going forward, higher economic growth buoyed by favorable oil prices, alongside a recovery of business activities, is expected to generate good prospects for lending. CI therefore anticipates that the Bank will maintain its good and better than sector average loan asset quality metrics. Given Kuwait's small market size and undiversified economy, the moderately high borrower concentration will however remain a vulnerability for GB (as well as its peers).

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.

