بنك الخليج
GULF BANK

Kuwait, 29 April 2021

Boursa Kuwait
State of Kuwait

This is made pursuant to Module Ten, Chapter Four of the Resolution No. 72/2015 concerning the amended Executive Bylaw to 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 Fitch Ratings' affirmation of Gulf Bank's long-term Issuer Default Rating (IDR) at A+.

Best regards

Jihad Khodr
Assistant General Manager
Head of Compliance & Disclosure

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Credit Rating Disclosure Form

Date	**29 April 2021**
Bank's Name	GULF BANK K.S.C.P
Rating Agency	Fitch Ratings
Rating Category	Long-Term IDR affirmed at 'A+' Short-Term IDR affirmed at 'F1' Viability Rating affirmed at 'bb+' Support Rating affirmed at '1' Support Rating Floor affirmed at 'A+'
Rationale for Rating	**Key Strengths** • Extremely high probability of support by the Kuwaiti authorities. • CBK operates a strict regime with active monitoring to ensure the viability of the banks. **Key Challenges** • A weaker ability to support, reflected in a Kuwaiti Sovereign downgrade would lead to downward revision of the bank. • A weaker propensity from the Kuwaiti authorities to support the bank would lead to negative rating action.
Impact on the Bank	-Credit rating action: affirmation of Bank long term IDR at "A+" with "negative" outlook. -Viability rating: affirmed at "bb+" -No financial impact.
Outlook	Negative
Translation of the Press Release or the Executive Summary	Fitch Ratings on 29 April, 2021 has affirmed Gulf Bank's rating as follows: Fitch Ratings has affirmed Gulf Bank K.S.C.P.'s (GB) Long-Term Issuer Default Rating (IDR) at 'A+' with a Negative Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb+'.

	RATING SENSITIVITIES A downgrade of GB's Long-Term IDR would require a downward revision of the bank's SRF. The latter would likely stem from a weaker ability to support, reflected in a Kuwaiti sovereign downgrade. A weaker propensity from the Kuwaiti authorities to support GB would also lead to a negative rating action, but this is unlikely in Fitch's view, given the strong record of supporting domestic banks. A deterioration in asset quality, reflected in higher impairments, restructuring and write-offs, leading to a problem loans generation ratio consistently above 2% could lead to a downgrade of the VR, especially if the resulting additional impairment charges continues to weaken the bank's profitability and impact the bank's capitalisation. Operating profit/average risk weighted assets ratio remaining below 0.25% in a sustained manner and impacting the bank's capitalisation could lead to a VR downgrade. This is likely to come from high impairment charges if the asset quality deteriorates. A sustained deterioration in the domestic operating environment or a change in the bank's conservative expansion strategy, such as rapid growth or weaker underwriting standards or high concentrations by economic sectors and single obligors could also negatively affect the VR, especially if this weakens asset quality and capitalisation. Factors that could, individually or collectively, lead to positive rating action/upgrade: An upgrade of GB's Long-Term IDR could come from an upward revision of its SRF. However, this is unlikely in the near term, given the Negative Outlook. A continuous resilience in the bank's asset quality (maintaining the impaired loans ratio below 2%, the potential problem loans ratio below 3% and the generation of potential problem loans ratio below 1.5%) and improvement in profitability could also lead to a VR upgrade. This would come with a better diversification of the business model, including lower concentrations by economic sectors and single obligors. This is unlikely in the near term considering tougher domestic operating conditions and the undiversified, developing nature of the Kuwaiti economy which offers limited opportunities for diversification.