

Kuwait, 15 December 2024

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 Fitch Rating's affirmation of Gulf Bank's Long-Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook.

Best regards



Dari Ali Al Bader
GM – Corporate Affairs & Board Secretary



[GBK Classification: PUBLIC]



Credit Rating Disclosure Form

Date	15 December 2024
Bank's Name	GULF BANK K.S.C.P
Rating Agency	Fitch Ratings
Rating Category	<ul style="list-style-type: none"> - Long-Term IDR affirmed at 'A' - Short-Term IDR affirmed at 'F1' - Viability Rating affirmed at 'bbb-' - Government Support Rating assigned at 'a'
Rating Implications	<ul style="list-style-type: none"> - Stable Operating Environment - Good Domestic Franchise - Low Stage 3 Loans Ratio - Good Capitalisation - Stable Funding and Adequate Liquidity
Impact of Rating on the Bank	<ul style="list-style-type: none"> - Affirmed the rating of Gulf Bank's Long-Term Issuer Default Rating (IDR) at 'A'. - Affirmed the rating of Gulf Bank's Viability Rating (VR) 'bbb-'. - Affirmed Outlook at "Stable" - No financial impact on the Bank.
Outlook	Affirmed Outlook at "Stable"
Press Release / Executive Summary	<p>Fitch Ratings has affirmed Gulf Bank K.S.C.P.'s Long-Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bbb-'.</p> <p>Key Rating Drivers</p> <p>Gulf Bank K.S.C.P.'s Issuer Default Ratings (IDRs) reflect potential support from the Kuwaiti authorities, as reflected in its Government Support Rating (GSR) of 'a'. The Stable Outlook on Gulf Bank's Long-Term IDR reflects that on the Kuwaiti sovereign rating.</p> <p>Gulf Bank's Viability Rating (VR) reflects the bank's good domestic franchise, cautious risk approach, good loan quality and capitalisation, and stable funding. The VR also factors in pressure on profitability, and high loan and deposit concentrations similar to domestic peers'.</p>



Government Support Rating of 'a': The Kuwaiti authorities have a strong ability and willingness to provide support to domestic banks irrespective of the banks' size, franchise, funding and level of state ownership. This view takes into consideration the state's record of supporting domestic banks and willingness to maintain market confidence and stability, due to high contagion risk among domestic banks.

Stable Operating Environment: Fitch Ratings expects the Kuwaiti operating environment to remain stable in 2025, despite low real GDP growth (2024F: -2.1%; 2025F: 3.1%), which is highly sensitive to oil production. In the absence of a public debt law, high oil prices and extremely strong external assets will continue to support government spending on wages and investments, and maintain business confidence. Fitch expects the sector's credit growth to be modest, at 5%–6% in 2025.

Good Domestic Franchise: Gulf Bank has a good market share of 9% of local bank assets at end-1H24, supported by a good brand. Fitch expects moderate organic loan growth (7%) in 2025, supported by reasonable internal capital generation and stable funding and capital.

Low Stage 3 Loans Ratio: Gulf Bank's Stage 2 (end-3Q24: 2.9%) and 3 (1.4%) loans ratios, including loans to banks, are below peers', supported by write-offs as reflected in an increased Stage 3 loans generation ratio (3Q24: 1.8%; 2023: 0.9%). Total loans loss allowances (LLAs) coverage of Stage 3 loans is high but down (end-3Q24: 295; end-2023: 433%) due to loan book clean-up. Fitch expects stable loan quality, with a Stage 3 loans ratio of 1.2% at end-2025, due to lower interest rates, reasonable underwriting and stable favourable operating environment.

Good Capitalisation: Gulf Bank's common equity Tier 1 (CET1) capital (end-3Q24: 14.2%) and tangible leverage (10.9%) ratios compared well with peers'. These were supported by a KWD60 million rights issue completed in November 2023. Fitch expects stable capitalisation with a CET1 capital ratio at 14.7% at end-2025, supported by moderate loan growth, stable RWA density, high LLAs coverage and reasonable internal capital generation.

Stable Funding; Adequate Liquidity: Gulf Bank is mostly funded by customer deposits (end-3Q24: 88% of non-equity funding). Customer accounts are concentrated but have been stable through the cycle, mitigating risks from liquidity-maturity mismatches. Its gross loans/deposits ratio is high (end-3Q24: 101%; above peers) but is managed closely. Liquidity coverage ratio (298%) and net stable funding ratio (109%) are constantly above the regulatory minimum requirements of 100%.

