

Kuwait, 30 January 2023

Boursa Kuwait
State of Kuwait

Dear Sirs,

This is in accordance with 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' with a "Stable" outlook.

Best regards



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



Credit Rating Disclosure Form

Date	30 January 2023
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	<p>The affirmation of Gulf Bank Long-Term Issuer Default Rating (IDR) at 'A' reflect potential support from the Kuwaiti authorities, if needed, as reflected in its Government Support Rating (GSR) of 'a'.</p> <p>The Viability Rating (VR) reflects Gulf Bank's good domestic franchise, cautious risk approach, healthy asset quality, adequate capitalization and stable funding despite high deposit concentration. The VR also considers modest, but improved profitability and high loan concentrations, albeit similar to peers.</p> <p>The Stable Outlook on the Bank's Long-Term IDR reflects that on the Kuwaiti sovereign rating.</p>
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	Outlook Rating Action: Affirmed Outlook at "Stable"
Press Release / Executive Summary	Gulf Bank K.S.C.P.'s (GB) Issuer Default Ratings (IDRs) reflect potential support from the Kuwaiti authorities, if needed, as



reflected in its Government Support Rating (GSR) of 'a'. The Stable Outlook on the GB's Long-Term IDR reflects that on the Kuwaiti sovereign rating.

The 'F1' Short-Term IDR is the lower of two options mapping to an 'A' Long-Term IDR because a significant part of GB's funding is related to the government and a stress scenario for GB is likely to come at a time when the sovereign itself is experiencing some form of stress.

The Viability Rating (VR) reflects GB's good domestic franchise, cautious risk approach, healthy asset quality, adequate capitalization and stable funding despite high deposit concentration. The VR also considers modest, but improved profitability and high loan concentrations, albeit similar to peers.

Government Support: The Kuwaiti authorities have strong ability and willingness to provide support to domestic banks irrespective of the bank's size, franchise, funding and level of government ownership. This view considers the authorities' record of support for the domestic banking system. High contagion risk among domestic banks is an added incentive for the state to provide support to any Kuwaiti bank if needed, to maintain market confidence and stability.

Stable Operating Environment: The Kuwaiti operating environment is likely to remain stable in 2023 despite lower real GDP growth (0.9% forecast for 2023 compared to 8.4% in 2022) and lower real non-oil GDP growth (1.5% in 2023 compared to 3% in 2022). High oil prices will continue to support government spending on wages and investments and help business confidence recover from the pandemic. Fitch expects the banking sector's credit growth to be relatively modest at 5% in 2023, hindered by higher interest rates and modest real GDP growth.

Good Domestic Franchise: GB has a strong domestic footprint (the fourth largest bank in Kuwait) with a 9.1% market share in local assets as of end-1H22. The bank targets moderate organic growth in 2023 (low double digit in retail and selective low single digit in the corporate segment). GB's experienced management underpins successful implementation of the strategy.

