

Kuwait, 4th June 2025

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 KD 50M Basel III-Compliant Tier 2 Subordinated Bonds’ rating at “BBB+”, and its Outlook at “Stable”.

Best regards



Mohammad Jasem AlBeloushi
Deputy General Manager – Corporate Affairs
Head of Compliance & Disclosure Unit



[GBK Classification: **PUBLIC**]

Credit Rating Disclosure Form

Date	4 th June 2025
Bank's Name	GULF BANK K.S.C.P
Rating Agency	Capital Intelligence Ratings
Rating Category	<ul style="list-style-type: none"> KWD50mn Basel III-compliant Tier 2 Subordinated Bond Long-term issue rating: "BBB+"
Rating Implications	<p>Credit Strength</p> <ul style="list-style-type: none"> Systemic importance as fifth largest bank in terms of total assets in Kuwait with well- established business franchise and sound market share. Solid capital ratios; high level of CET 1 and Tier 1 components. Good loan asset quality metrics notwithstanding recent slippage. Fairly good liquidity position supported by large customer deposit base; government blanket guarantee for customer deposits. <p>Credit Challenges</p> <ul style="list-style-type: none"> Contractual subordination of instrument. Moderately high customer concentration in both the loan book and customer deposit base, in common with the sector. Declining profitability metrics; keen competition. Undiversified Kuwaiti economy and small size of domestic banking market. Ongoing regional geopolitical risk.
Rating effect on the status of the Company	<ul style="list-style-type: none"> Affirmed the rating of Gulf Bank's KWD 50 million Basel III-compliant Tier 2 Subordinated Bonds at 'BBB+' Outlook Rating Action: Affirmed Outlook at "Stable" No financial impact on the Bank
Outlook	Affirmed Outlook at "Stable"



Press Release / Executive
Summary

Capital Intelligence Ratings (CI Ratings or CI) has affirmed the rating on Gulf Bank's KWD50mn Basel III-compliant Tier 2 Subordinated bond at 'BBB+' with a Stable Outlook. The local currency bond comprises a KWD25mn Floating Rate Tranche and a KWD25mn Fixed Rate Tranche.

At the same time, CI Ratings has affirmed Gulf Bank's LT FCR and ST FCR at 'A+' and 'A1', respectively. The Bank's BSR of 'a-', CFS rating of 'a-' and ESL of High have also been affirmed. The Outlook on the LT FCR and BSR remains Stable.

The issue rating is derived from: (i) Gulf Bank's BSR; (ii) the bond's contractual subordination to senior unsecured obligations; and (iii) CI's view that the bond's loss absorption mechanism is unlikely to be triggered before the Bank is non-viable on a standalone basis. CI's issue ratings for bank hybrid securities and subordinated debt instruments (especially those with contingent capital features) capture impairment risk (which includes the likelihood of losses due to the activation of any loss absorbing mechanisms) and repayment priority. CI typically uses a bank's BSR as the starting point for such securities. This is because it is considered more likely that extraordinary support, which is factored into international issuer credit ratings, will only be made available for senior financial obligations rather than for subordinated obligations. Consequently, from Gulf Bank's BSR of 'a-' CI has deducted one notch for contractual subordination. There is no additional deduction for impairment risk since CI believes that the bond is unlikely to take losses before the Bank has reached the point of non-viability (PONV).

CI consider Gulf Bank to be a well-managed institution and conservative lender. Reflecting the challenging operating environment alongside the contraction in the economy in 2024, loan growth was subdued, but this picked up in the first three months of 2025 with the economic rebound and improving operating environment. The loan book has remained fairly well-diversified by customer segment and economic sector. In line with the Bank's ongoing effort to further clean up the loan book, NPLs rose in both periods, especially in 2024, albeit from a fairly low base. Nonetheless, both the Bank's NPL and loss coverage ratios remained better than that of the banking sector average in 2024. Another positive is the continued and sizeable decline in Stage 2 loans which represented a very low proportion of gross loans at end-Q1 25, which was also the lowest among its peers. Going forward, expected stronger economic growth, anticipated improved pace of reform and the introduction of a Kuwait mortgage loan scheme (although not formally announced by the government) should provide better lending opportunities. CI also anticipates that the Bank will continue



to maintain its good loan asset quality metrics, which are also likely to remain better than the sector average given its good risk management and conservative lending policy.

The Stable Outlook indicates that the ratings are unlikely to be altered in the next 12 months and reflects our expectation that Gulf Bank will maintain its fairly good overall financial profile given Kuwait's better economic growth forecast and improving operating environment.

