



Gulf Insurance Group continues its excellent ratings profile by S&P

Standard & Poor's Upgraded Gulf Insurance Group's rating to 'A' On Stronger Capital, with a Stable Outlook; Deferrable Subordinated Notes Rated 'BBB+'

Kuwait City, October 28, 2021 - Gulf Insurance Group, one of the leading insurance service providers in the Middle East and North Africa, Standard & Poor's Global Rating Agency announced that it has raised its long-term issuer credit and financial strength ratings on Gulf Insurance Group K.S.C.P. (GIG) and its core subsidiary, Gulf Insurance and Reinsurance Co. (GIRI) to 'A' from 'A-'. The outlooks on these entities are stable. At the same time, S&P assigned 'BBB+' issue rating to the subordinated notes that GIG is issuing. This came after the group announced that it had obtained all the necessary regulatory approvals that it is issuing up to Kuwaiti dinar (KWD) 60 million (US\$199 million) of Tier 2, junior, subordinated, perpetual notes, which will qualify in their entirety as capital for solvency purposes.

The stable outlook reflects the agency's expectation that over the next two years, GIG will successfully integrate AXA's Gulf operations; improve its investment mix; maintain its improved capital adequacy; and continue improving its operating performance, which will help to safeguard its very strong capital over the next two years.

The agency revised upward the assessment of the group's capital and earnings, which led to a review of the overall financial risk profile, where the adequacy of the group's capital and earnings was estimated to be at the "AA" level or higher, after issuing these bonds and after increasing the capital by 50 million Kuwaiti dinars in September 2021, the agency also expects the group's financial risk profile to become stronger after listing the investment assets of AXA companies, and as a result; along with the increase in shareholders' equity, the Agency expects a decrease in high-risk assets compared to shareholders' equity.

The Agency will assign intermediate equity content to the subordinated notes on issuance as long as the terms and conditions have not changed. The classification of the notes as having intermediate equity content mainly reflects the issuer's optional deferral of interest payments and the notes' subordination and permanence.

The agency anticipates that GIG's acquisition of AXA's Gulf operations will further improve GIG's competitive position and overall business risk profile, through economies of scale and greater geographical diversification in insurance markets that have strong attributes. GIG benefits from a solid competitive position as a leading insurer in Kuwait, Bahrain, and Jordan. As a result of the considered the AXA Gulf acquisition, GIG will become one of the top three players in the Gulf Cooperation Council and the Middle East, with gross premium income of US\$2.3 billion. The acquisition has also reduced GIG's concentration in Kuwait.

Mr. Khalid Al Sanousi, Group Executive Manager said:

“We are pleased with the raised rating from ‘A-’ to ‘A’ and stable outlook by S&P. Thanks to the Group’s well-established and comprehensive Enterprise Risk Management Framework with appropriate tools and techniques that help to identify measure and aptly manage risks on a Group level. The completion of AXA transaction, rights issue and subordinated notes issuance clearly manifest the progress of the Group’s strategic execution in the right direction. We strive to explore innovative approaches for the Group to provide an exciting customer experience of world-class offerings with the presence of a strong and unified GIG brand across the markets we operate in.”

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About GIG:

GIG is the largest insurance Group in Kuwait in terms of written and retained premiums, with operations in life and non-life as well as Takaful insurance. GIG has become one of the largest insurance networks in the Middle East and North Africa with companies in Kuwait, Bahrain, Jordan, Egypt, Turkey, Algeria, UAE, KSA, Oman, Qatar, Syria, Iraq and Lebanon. Its reported consolidated assets stand at US\$ 2.66 billion as at 30 June 2021.

KIPCO – Kuwait Projects Company – is Gulf Insurance Group’s largest shareholder, followed by the Canadian-based Fairfax Financial Holdings Ltd.

Gulf Insurance Group enjoys the privilege of being the first triple-rated insurance Group in Kuwait. The Group holds a Financial Strength Rating of ‘A’ (Excellent) and issuer credit rating of ‘a’ with Stable outlook from A.M. Best Europe – Rating Services Limited, a Financial Strength Rating of “A” with Stable outlook from Standard & Poor’s and an Insurance Financial Strength Rating (IFSR) of ‘A3’ from Moody’s Investors Service carrying a negative outlook.

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