

Kuwait: 15/07/2018  
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الإشارة: 2018/3289

**To: The General Manager  
Boursa Kuwait**

السيد / المدير العام  
المحترم  
شركة بورصة الكويت

Dear Sir,

Reference is made to the provisions of Chapter 4 of the Tenth Module of the Executive Bylaws of the Capital Markets Authority's Law, pertinent to "Disclosure of Material Information" and the mechanism of disclosure of the same. We would like to inform you that Moody's Credit Ratings Agency has recently reviewed the bank position and issued a report whereby it affirms all of the bank ratings' elements as per Appendix # 9 pertinent to the Credit Rating Disclosure Form.

بالإشارة الى احكام الفصل الرابع من الكتاب العاشر لللائحة التنفيذية لقانون هيئة أسواق المال بشأن الإفصاح عن المعلومات الجوهرية وألية الإعلان عنها، نود الإفادة بأن وكالة موديز للتصنيف الائتماني قد قامت بمراجعة أوضاع مصرفنا مؤخراً وأصدرت تقريراً تم بموجبه تثبيت كافة عناصر تصنيف البنك وذلك وفقاً للملحق رقم (9) الخاص بنموذج الإفصاح عن التصنيف الائتماني.

Best regards,

وتفضلوا بقبول فائق الاحترام ...

  
**AbdulSalam Al Saleh  
Deputy Chief Executive Officer**

عبد السلام محمد الصالح  
نائب الرئيس التنفيذي

## Credit Rating Disclosure Form

Appendix # 9

<b>Date</b>	15/7/2018
<b>Name of Listed Company</b>	Boubyan Bank K.S.C.P.
<b>Rating Agency</b>	Moody's Credit Rating Agency
<b>Rating Category</b>	<ol style="list-style-type: none"> <li>1) Long Term Deposit Rating affirmed as "A3" while the outlook is affirmed as "<b><u>Stable</u></b>".</li> <li>2) Short Term Deposit Rating: P-2.</li> <li>3) Baseline Credit Assessment: ba1</li> </ol>
<b>Rating's Implications</b>	<p><b><u>Long Term Deposit Rating: "A3"</u></b> Obligations rated "A3" are considered upper-medium-grade and are subject to low credit risk.</p> <p><b><u>Short Term Deposit Rating: "P-2"</u></b> Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.</p> <p><b><u>Baseline Credit Assessment: ba1</u></b> Issuers rated under the "ba" rating are characterized by their standalone intrinsic financial strength, and, thus, they would be exposed to primary risks in the absence of extraordinary support from their groups or from the government. No. 1 refers to being ranked in the top category of the rating.</p>
<b>Rating's Impact on the Company's Positions</b>	Continued and growing confidence in the bank and the robustness of its financial standing.
<b>Outlook</b>	Affirmed as "Stable".

**Executive Summary:**

Moody's has affirmed the rating of Boubyan Bank's Long Term Deposits as "A3" while affirming the rating of the Short Term Deposits as "P-2" and the Baseline Credit Assessment as "Ba1". The credit rating agency has further affirmed the outlook of the long-term deposits as "Stable". This reflects the bank's rapid growth in the retail and corporate banking, which drives solid earnings generation for the bank, supports strong capitalization, and stable funding despite the impact on the said strengths by the rapid growth of the bank's credit portfolio, which comes with credit concentrations in some sectors.

**Long Term Deposits' Rating:**

The long term deposits' rating "A3" reflects the positive outlook of the agency regarding the rapid growth of the bank's domestic market share, which reinforces its strategic and financial importance to its parent company – NBK – and the domestic financial system in general, while having the opportunity to have access to the necessary support whenever needed. Reference may be made to the below:

**Profitability:**

The agency expects Boubyan's profitability to remain stable owing to the increase in operating income, given the rapid volume growth of the bank's Islamic franchise and the higher yields and government debt issuances. The bank's strong financing growth will continue to reflect its growing retail franchise, supported by an innovative product offering and the local population's affinity to Islamic banking.

**Strengths in the Bank's Assessment:**

- Fast-growing domestic franchise in Islamic retail and corporate banking, which drives solid earnings generation
- Solid profit generation and high retention, which support strong capitalization
- Stable funding and liquidity, which reflect the bank's growing deposit-gathering franchise
- Strategic and financial importance to NBK and to the domestic financial system, which drive our assumption of a very high likelihood of support in case of need.

**Challenges:**

- Rapid financing growth and some credit concentrations, which will continue to pose additional risks to the bank's asset quality.