

Kuwait: 29/09/2019
Ref: 6822/2019

الكويت: 2019/09/29
الإشارة: 2019/6822

**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 Fitch'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 للائحة التنفيذية لقانون هيئة أسواق المال بشأن الإفصاح عن المعلومات الجوهرية وآلية الإعلان عنها، نود الإفادة بأن وكالة فيتش 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 ،،،

**Adel Abdul Wahab Al-Majed
Vice-Chairman
& Chief Executive Officer**



عادل عبد الوهاب الماجد
نائب رئيس مجلس الإدارة والرئيس التنفيذي



Credit Rating Disclosure Form

Appendix # 9

Date	September 29 th 2019
Name of Listed Company	Boubyan Bank K.S.C.P.
Rating Agency	Fitch Ratings
Rating Category	<ul style="list-style-type: none"> - Long-Term IDR affirmed at 'A+'; Outlook Stable - Short-Term IDR affirmed at 'F1' - Viability Rating affirmed at 'bbb-' - Support Rating affirmed at '1' - Support Rating Floor affirmed at 'A+'
Rating's Implications	<p><u>Long-Term IDR affirmed at 'A+'</u></p> <p>“A” ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The modifier “+” is appended to denote a relatively higher status within major rating categories.</p> <p><u>Short-Term IDR affirmed at 'F1'</u></p> <p>Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments.</p> <p><u>Viability Rating affirmed at 'bbb-'</u></p> <p>'bbb-' ratings denote good prospects for ongoing viability. The bank's fundamentals are adequate, such that there is a low risk that it would have to rely on extraordinary support to avoid default.</p> <p><u>Support Rating Floor affirmed at 'A+'</u></p> <p>It denotes that there is high probability of getting external support when needed. The external support authority has very high credit ratings and is ready to support the bank when needed.</p>

Rating's Impact on the Company's Positions	Affirming prior ratings which reinforces confidence in the bank and its robust financial position.
Outlook	Stable
Press Release / Executive Summary	<p><u>KEY RATING DRIVERS</u></p> <ul style="list-style-type: none"> • BBY's IDRs are support-driven. Its Support Rating (SR) and Support Rating Floor (SRF) reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. • Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Stable) and a strong willingness to do so irrespective of the banks' size, franchise, funding structure and the level of government ownership. This view is reinforced by the authorities' record of support for the domestic banking system in case of need. • The Central Bank of Kuwait (CBK) operates a strict regime with hands-on monitoring to ensure the viability of the banks, and has acted swiftly in the past to provide support where needed. Contagion risk among domestic banks is high (Kuwait is a small and interconnected market) and we believe this is an added incentive to provide state support to any Kuwaiti bank if needed, to maintain market confidence and stability. • The Stable Outlook on BBY's Long-Term IDR reflects that on the Kuwaiti sovereign rating. BBY continues to benefit from a fairly stable operating environment in Kuwait. Higher oil prices have boosted oil-related projects and Fitch expects infrastructure spending to continue at a steady pace, supporting lending growth. • BBY's franchise continues to strengthen supported by its fin-tech-oriented retail offering, which underpins deposit collection and customer retention. BBY continues to rapidly grow its market share in Kuwait, relying on digital banking solutions which are one of the most advanced in Kuwait <p>Boubyan's management team comprises experienced banking and risk professionals and includes managers</p>

previously employed by parent National Bank of Kuwait (NBK). Management has a proven record in delivering resilient profitability and in meeting its business targets.

- BBY's asset quality remains strong. The bank's financing book is split 56% corporates and 44% retail, and the impaired financing ratio (0.9% at end-1H19) has been relatively stable.
- BBY's net profit margins have remained sound and stable in recent years, and were in line with the sector average.
- BBY's capital metrics are strong and well above the minimum regulatory requirements. The bank increased its capital by 15% via a rights issue which demonstrated its ability to raise capital when needed.
- Fitch's assessment incorporates BBY's heightened risk appetite as for local financing growth, the existence of some credit concentrations and the high exposure to the real estate sector, a sector that can be volatile. Fitch's review factored in BBY's well-structured, independent risk-management framework in addition to the stringent oversight of the CBK, mitigating the bank's overall risk profile.