

Kuwait: 09/10/2018
Ref: 3954/2018

الكويت: 2018/10/09
الإشارة: 2018/3954

**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 لللائحة 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,

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

وتفضلوا بقبول فائق الاحترام ،،،



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Credit Rating Disclosure Form

Appendix # 9

Date	October 9 th 2018
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. Boubyan 's management team comprises of experienced banking and risk professionals. Management has succeeded in effectively implementing the set strategy and in meeting its targets despite high balance sheet growth. Also, the bank's strategic targets which focus on local and core banking growth have proven to be consistent and sustainable.

- BBY's asset quality is strong, in our view. The bank's financing book is split 57% to corporates and 43% to retail, and impaired financing ratio (0.8% at end-1H18) has been stable despite high loan growth.
- BBY's core profitability is stable. The bank is highly reliant on net financing income (86% of operating income in 1H18).
- 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 also thinks that BBY's well-structured, supported by an independent risk-management framework in addition to the stringent oversight of the CBK, mitigate the bank's overall risk profile.