بنك بوبيان
Boubyan Bank

Kuwait: 06/09/2020
Ref: 8844/2020

الكويت: 2020/09/06
الإشارة: 2020/8844

To: Mr. Mohammad Saud Al-Osaimi
CEO - Boursa Kuwait

السيد/ محمد سعود العصيمي المحترم
الرئيس التنفيذي - 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.

Best regards,

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

السلام عليكم ورحمة الله وبركاته وبعد ،،،

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.

وتفضلوا بقبول فائق الاحترام ،،،

عادل عبد الوهاب الماجد
نائب رئيس مجلس الإدارة والرئيس التنفيذي

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نعمل بإتقان

Credit Rating Disclosure Form

Appendix # 9

Date	September 6th 2020
Name of Listed Company	Boubyan Bank K.S.C.P.
Rating Agency	Fitch Ratings
Rating Category	- 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	**Long-Term IDR affirmed at 'A+'** "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. **Short-Term IDR affirmed at 'F1'** Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments. **Viability Rating affirmed at 'bbb-'** '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. **Support Rating Floor affirmed at 'A+'** 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.

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	• KEY RATING DRIVERS • 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 active 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. The decline in oil prices have had adverse effects on Kuwait's public finances, however Kuwait is more resilient than its GCC peers mainly due to its exceptionally strong external balance sheet and the vast assets of the Kuwait Investment Authority. • BBY's franchise continues to strengthen supported by its fin-tech-oriented retail offering, which underpins deposit collection and customer retention. • BBY continues to grow its market share in Kuwait, relying on digital banking solutions which are one of the most advanced in Kuwait.

- Boubyan’s management team comprises experienced banking and risk professionals and includes managers 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 sound. The bank's impaired financing ratio mildly increased to 1.2% at end-1H20 (0.9% at end-1H19) but remains one of the lowest across the sector.
- BBY's net profit margins have declined due to the historical decline in CBK discount rate but remains reasonable.
- BBY's capital metrics declined in the context of the BLME acquisition however are considered adequate, supported by the banks so far resilient asset quality.
- Fitch's assessment incorporates BBY's heightened risk appetite for local financing growth, the existence of some credit concentrations and the high exposure to the domestic 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.