

Kuwait: 26<sup>th</sup> of March 2019

Mr. Khaled Abdulrazzaq Al Khaled  
Chief Executive Officer - Boursa Kuwait Company  
State of Kuwait

Dear Sir,

**Subject: Credit rating**

As per Chapter No. 4 of the "Disclosure and Transparency" Module of the Capital Markets Authority's Executive Bylaws and its Law No.7/2010 and amendments issued on 9/11/2015 regarding disclosure of Material Information.

We would like to advise you that credit rating agency Moody's has issued, on 25<sup>th</sup> of March 2019, an updated credit analysis of National Bank of Kuwait, and the ratings mentioned in the report are as follows:

1. Long Term Deposit rating: Aa3.
2. Short Term Deposit rating: Prime-1.
3. Counterparty Risk rating: Aa2/Prime-1.
4. Counterparty Risk assessment: Aa2 (cr)/Prime-1(cr).
5. Outlook: Stable.

Attached; Disclosure Form of Material Information

Sincerely yours,

**On behalf of National Bank of Kuwait (S.A.K.P)**

  
**Shaikha Khaled Al-Bahar**

**Deputy Group Chief Executive Officer**

Appendix No. (9)

Disclosure of Credit Rating Form

Date	26 <sup>th</sup> of March 2019
Name of the Listed Company	National Bank of Kuwait (S.A.K.P)
Entity who issues the rating	Credit Rating Agency "Moody's"
Rating category	<ol style="list-style-type: none"> <li>1- Long Term Deposit rating: Aa3.</li> <li>2- Short Term Deposit rating: Prime-1.</li> <li>3- Counterparty Risk rating: Aa2/Prime-1.</li> <li>4- Counterparty Risk assessment: Aa2 (cr)/Prime-1(cr).</li> <li>5- Outlook: Stable.</li> </ol>
Rating implications	<ol style="list-style-type: none"> <li>1- Long Term Rating (Aa3): Obligations rated in this category are considered to be of high quality and are subject to very low credit risk.</li> <li>2- Counterparty Risk Rating Aa2/Prime-1: reflects the Bank's ability to honor the uncollateralized portion of non-debt counterparty financial liabilities and also the expected financial losses in the event such liabilities are not honored.</li> <li>3- Counterparty Risk Assessment at Aa2 (cr)/Prime-1(cr): reflects the Bank's rigidity to financial default resulting from counterparties transactions and contractual commitments.</li> </ol>
Rating effect on the status of the company	<ol style="list-style-type: none"> <li>1- The agency's ratings reflect the bank's strong performance and the soundness of its financial ratios.</li> <li>2- The stable outlook reflects the bank's strong asset quality, adequate capitalisation and high liquidity, taking into account the stable outlook of the Kuwaiti government's issuer rating.</li> </ol>
Outlook	Stable
The press release or executive summary	<p><b>Executive summary:</b></p> <p>Moody's rating agency on 25<sup>th</sup> of March 2019 issued an update credit analysis of National Bank of Kuwait</p> <p>In its report, Moody's rated NBK's Long Term Deposit at (Aa3), Short Term Deposit at (Prime-1), Counterparty Risk at (Aa2/Prime-1) and assigned NBK a Counterparty Risk (CR) assessment of Aa2(cr)/Prime-1(cr), with stable outlook. These ratings strengthen NBK's dominant position in the domestic and regional markets, and confirm NBK's stability and ability to achieve its positive operation results.</p>



Moody's report rely on number of factors in the assessment process, key factors are as follows:

- 1- NBK benefits from diversification of its foreign operations and geographical distribution in Egypt, Middle East, North America, Europe and Asia.
- 2- The bank's asset quality has been consistently stronger than its local peers, where NBK's nonperforming loans (NPLs) /gross loans were stable and low at 1.4% as of the end of 2018 (year-end 2017: 1.4%). The bank's NPL ratio remains below the 2% average for Kuwaiti banks at September 2018.
- 3- NBK is Kuwait's largest financial institution, with a 35% share of the country's consolidated banking system assets as of 31 December 2017. As of 31 December 2018, the bank reported a consolidated asset base of KWD27.4 billion (around \$90 billion).
- 4- NBK is a pioneer in the field of financial services where NBK provides individuals, corporations and institutional clients with retail, private, corporate, investment services, as well as Islamic banking services through its subsidiary Boubyan Bank.
- 5- NBK has an adequate capitalisation ratios and core profitability. In addition to stable deposits base that is supported by strong liquidity buffers.