

Kuwait: 20th of April 2021

Mr. Mohammad Saud Al-Osaimi
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 “Fitch Ratings” has affirmed National Bank of Kuwait’s ratings as follows:

- 1- Long-Term Issuer Default Rating affirmed: (AA-), negative outlook.
- 2- Short-Term Issuer Default Rating affirmed: (F1+)
- 3- Viability Rating affirmed: (a-).
- 4- Support Rating affirmed: (1).
- 5- Support Rating Floor affirmed: (AA-).

Attached; Disclosure Form of Material Information.

Sincerely yours,

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


Isam J. Al-Sager

Group Chief Executive Officer

Appendix No. (9)

Disclosure of Credit Rating Form

Date	20 th of April 2021
Name of the Listed Company	National Bank of Kuwait (S.A.K.P)
Entity who issues the rating	Fitch Ratings
Rating category	<ol style="list-style-type: none"> 1- Long-Term Issuer Default Rating affirmed: (AA-), negative outlook. 2- Short-Term Issuer Default Rating affirmed: (F1+) 3- Viability Rating affirmed: (a-). 4- Support Rating affirmed: (1). 5- Support Rating Floor affirmed: (AA-).
Rating implications	<ol style="list-style-type: none"> 1- Long-Term Issuer Default Rating (AA-): Very high credit quality. Its denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. 2- Short-Term Issuer Default Rating (F1+): Highest Short-Term Credit Quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments. 3- Viability Rating (a-): High Fundamental Credit Quality. Ratings denote strong prospects for ongoing viability. Fundamental characteristics are strong and stable, such that it is unlikely that the bank would have to rely on extraordinary support to avoid default. 4- Support Rating (1): There is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. 5- Support Rating Floor (AA-): The likelihood that the rated entity will receive extraordinary support, in case of need, specifically from government authorities.

Rating effect on the status of the company	<ol style="list-style-type: none"> 1. The rating reflects Bank's leading franchise as Kuwait's flagship bank. 2. The negative outlook reflects the Kuwaiti sovereign rating.
Outlook	Negative
The press release or executive summary	<p><u>Executive summary:</u></p> <p>Fitch Ratings Agency has affirmed National Bank of Kuwait rating as the following:</p> <ul style="list-style-type: none"> • Long-Term Issuer Default Rating (IDR) affirmed at (AA-), negative outlook. • Short-Term Issuer Default Rating (IDR) affirmed at (F1+). • Viability Rating affirmed at (a-). • Support Rating affirmed at (1). • Support Rating Floor affirmed at (AA-). <p>Fitch rely on number of factors in the assessment process, key factors are as follows:</p> <ul style="list-style-type: none"> • NBK's Support Rating (SR) of (1) and NBK's Support Rating Floor (SRF) of (AA-) reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks including the Bank. The one notch granted to NBK above Fitch's Domestic-Systemically Important Bank (D-SIB) (SRF) of (A+) for Kuwait, given the bank's unique status and systemic importance as the flagship bank in Kuwait, and close business and strategic links with the state. • The negative outlook on NBK's Long-Term (IDR) reflects the Kuwaiti sovereign rating. • The (VR) reflects NBK's leading franchise as Kuwait's flagship bank, diversified business model, resilient asset quality, good capitalisation and stable funding and liquidity.

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- NBK is the flagship bank and leading franchise in Kuwait where it enjoys a leading market share. The bank's size, strong client relationships, expertise, brand. NBK is the only Kuwaiti bank to be able to provide both conventional and Islamic banking.
- Impaired loans ratio is low about 1.7% of gross loans at end of 2020.
- NBK's capital and leverage ratios are maintained with satisfactory buffers over minimum regulatory requirements and compare well with peers. The bank's capitalisation is supported by consistent internal capital generation capabilities and a strong ability to raise capital when required.
- NBK benefits from stable funding and liquidity. The bank's liquidity is well-managed and liquidity risk remains contained.