

Kuwait: 8th of March 2020

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 that credit rating agency Moody’s has issued, on 5th of March 2020, 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. Counterparty Risk rating: Aa2/Prime-1.
3. Counterparty Risk assessment: Aa2 (cr)/Prime-1(cr).
4. Outlook: Stable.

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	8 th of March 2020
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	1- Long Term Deposit rating: Aa3. 2- Counterparty Risk rating: Aa2/Prime-1. 3- Counterparty Risk assessment: Aa2 (cr)/Prime-1(cr). 4- Outlook: Stable.
Rating implications	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. 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. 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.
Rating effect on the status of the company	1- The agency's ratings reflect the bank's strong performance and the soundness of its financial ratios. 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.
Outlook	Stable
The press release or executive summary	<u>Executive summary:</u> Moody's rating agency on 5 th of March 2020 issued an update credit analysis of National Bank of Kuwait In its report, Moody's rated NBK's Long Term Deposit at (Aa3), 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.

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 non-performing loans (NPLs) /gross loans were stable and low at 1.1% as of December 2019 (year-end 2018: 1.4%). The bank's NPL ratio remains below the 1.7% average expected for Kuwaiti banks at the end of December 2019.
- 3- NBK is Kuwait's largest financial institution, with a 36% share of the country's consolidated banking system assets as of 31 December 2018. As of 31 December 2019, the bank reported a consolidated asset base of KWD 29.3 billion (around \$97 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.