

Kuwait: 8<sup>th</sup> of February 2022

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 its amendments regarding disclosure of Material Information.

We would like to advise that Credit Rating Agency “Fitch Ratings” has downgraded the Long-Term Issuer Default Rating (IDR) of National Bank of Kuwait from “AA-” to “A+”; and revised its Outlook to Stable from Negative, the downgrading action follow a similar action on Kuwait’s sovereign rating. The Bank’s Viability Rating (VR) remains unaffected at “a-”.

Attached; Disclosure of Credit Rating Form

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 <sup>th</sup> of February 2022
Name of the Listed Company	National Bank of Kuwait (S.A.K.P)
Entity who issues the rating	Fitch Ratings Agency
Rating category	<ol style="list-style-type: none"> <li>1. Downgraded the Long-Term Issuer Default Rating (IDR) from "AA-" to "A+", and revised its Outlook to Stable from Negative.</li> <li>2. Assigned a Government Support Rating (GSR) of "a+".</li> <li>3. Viability Rating (VR) unaffected at "a-".</li> </ol>
Rating implications	<ol style="list-style-type: none"> <li>1. Long-Term IDR of "A+": High credit quality. Ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong.</li> <li>2. GSR of "a+": Very high probability of external support being forthcoming. The potential provider of support is very highly rated, and has at least a high propensity to support the financial institution in question.</li> <li>3. VR at "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.</li> </ol>
Rating effect on the status of the company	No effect
Outlook	Stable
The press release or executive summary	<p><b><u>Executive summary:</u></b> Fitch Ratings agency has downgraded the Long-Term IDR of National Bank of Kuwait from "AA-" to "A+", and revised its Outlook to Stable from Negative, noting that the VR is unaffected at "a-".</p> <p>Fitch Ratings agency reported that the rating actions follow a similar action on Kuwait's sovereign rating on 27/1/2022.</p> <p>The Stable Outlook mirrors that on the Kuwaiti sovereign rating.</p>

NBK's VR is unaffected by the downgrade of the sovereign, considering its lower level and the adequate credit quality and resilience of the Bank.

Fitch Ratings agency has assigned a Government Support Rating (GSR) of "a+" to NBK, in line with the agency's updated Bank Rating Criteria.

The agency stated that NBK's GSR reflects Fitch's view of an extremely high probability of support from the Kuwaiti authorities to banks. The assigned GSR of "a+" is one notch above Fitch's domestic systemically important bank GSR of "a" for Kuwait, given the Bank's flagship status, its role in the Kuwaiti banking sector, and its close business and strategic links with the state.