With reference to the bank latest disclosure on the latest Credit Rating issued by Capital Intelligence (CI) Rating Agency and with reference to CMA letter requesting to re-disclose the aforesaid information with further clarifications according to provisions stated in the foregoing letter, Burgan Bank would like to indicate that:

Capital Intelligence (CI) Rating Agency affirmed the rating of Long-Term Foreign Currency at (A-) at Burgan bank ("BB") and the Short-Term Foreign Currency at (A2) with "Stable" outlook. The Agency also affirmed BB's Financial Strength Rating at (BBB) and support at level (2) with "Positive" outlook.

In addition, kindly find below the executive summary of the rating report:

Capital Intelligence affirmed Burgan Bank's Strength with a "Positive Outlook"

Capital Intelligence (CI), the international credit rating agency, announced on 29th November 2013 that it has affirmed Burgan Bank's (BB) Long-Term Foreign Currency Rating of 'A-' and Short-Term Foreign Currency Rating of 'A2'. The Outlook for these Ratings is 'Stable'. The Bank's Support Level is affirmed at '2', reflecting the explicit government guarantee of customer deposits held with Kuwaiti banks, which remains in force for all Kuwait banks, as well as the high likelihood of official and shareholder financial support, in case of need. The Financial Strength Rating (FSR) is affirmed at 'BBB' on the basis of BB's improving asset quality, comfortable liquidity and solid capital adequacy. The FSR is constrained by significant customer deposit concentrations (although this is systemic) and still modest profitability. In view of the significant improvement in NPLs and provision cover in H1 2013 and the expectation that this improvement will continue into 2014, CI assigns a 'Positive' Outlook for the FSR.

BB is majority owned by Kuwait Projects Company Holding (KSC) ("KIPCO"). KIPCO, one of the largest diversified holding companies in the MENA region and has held an effective controlling interest in the Bank for nearly two decades. The Bank's risk asset profile was significantly modified after it had acquired (and successfully integrated) four MENA regional banks from KIPCO group sister company United Gulf Bank. As a result, although BB has become one of the most regionally diversified Kuwaiti commercial banks with a clear focus on the MENA region, the takeover of the bank subsidiaries raised its risk exposure to lower rated sovereigns (namely Jordan, Algeria, Iraq, Tunisia and more recently Turkey) from an earlier negligible level. The economy and operating environment in these countries remains challenging to some extent and underlying credit risk has increased.

Following a sharp increase in NPLs in 2011, mainly due to large impaired exposures in Kuwait and Jordan, NPLs declined in both absolute and percentage terms in 2012 and into the first half of the current year, partly due to settlements, write-offs and asset swaps. Equally important, BB has continued to build up loan-loss reserves and these now provide more than full cover for NPLs.

Liquidity as measured by key indicators remains strong and among the best in the Kuwaiti market, reflecting BB's lower share of loans in total assets combined with its larger stock of liquid assets. Funding is sourced predominantly from customer deposits and these continue to grow at a healthy pace. In common with most (but not all) Kuwait banks, BB's balance sheet continues to be solidly capitalized. A successful KWD100mn subordinated bond issue in 2012 has maintained a strong capital adequacy ratio and provides good scope for further expansion.

Although profitability at both the operating and net levels has improved in recent years, the return on average assets (ROAA) remains modest, in part due to a lower net interest margin (estimated). Gross income generation remains good, reflecting multiple sources of revenue, while sound operating profitability provides the flexibility to step up provisioning if necessary.

BB commenced operations in 1977 as a government-owned bank. In 1997, the Bank was privatized with KIPCO obtaining control. During 2007, KIPCO increased its ownership in BB to 43.01% from 33.87%, cementing BB's status as a core member of the KIPCO Group. The second largest shareholder is United Gulf Bank (17.86%) in Bahrain. Through its domestic network of 23 branches, which is supplemented by 98 ATMs, the Bank provides corporate/commercial banking, as well as retail and private banking. As at end-June 2013, total assets rose to KWD6.38 billion (USD22.4 billion) and total capital reached KWD630mn (USD2.2 billion).