

Credit Rating Disclosure Form

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| Date | 06/04/2016 |
| Name of Listed Company | Burgan Bank (K.P.S.C) |
| Rating Agency | Moody's Investors Service |
| Rating Category | Ba3 long-term deposit ratings assigned to subsidiary, Burgan Bank AS– Turkey. |
| Rating Drivers | <ul style="list-style-type: none"> - Franchise is constrained by the bank's limited size and its evolving nature - Although the bank reached positive profits, profitability lags the system average - Capital injections enable the bank to maintain satisfactory loss absorption capacity - Asset quality deteriorated although remains below the sector average - Adequate funding and liquidity profile with some dependence on parental funding |
| Rating Impact on the Company's Status | No impact |
| Rating Outlook | “Stable” Outlook. |
| Translation of the Press Release or the Executive Summary | <p>Rating Rationale</p> <p>The Ba3 long-term deposit ratings assigned to Burgan Bank AS (Burgan-AS) are based on the bank's b2 baseline credit assessment (BCA) and our assumption of a very high probability of parental support, from its Kuwait-based parent, Burgan Bank K.P.S.C. (deposits A3/P-2; /BCA ba2).</p> <p>Burgan-AS's BCA of b2 captures the bank's (1) historically weak earning metrics compared to the system; (2) niche, but growing, franchise focusing on corporate, commercial and SME with limited retail exposure; (3) satisfactory capitalization after the capital injection in 2014and; (4) improving asset quality.</p> <p>We assign Counterparty Risk Assessment (CRA) of Ba2(cr)/Not Prime(cr).</p> <p>Rating Outlook</p> <p>The outlook on all the ratings is stable.</p> <p>What Could Change the Rating - Up</p> <p>Positive pressure on the BCA could develop following material evidence of improvement in the bank's overall franchise and profitability - contributing positively to internal capital generation</p> |

capacity and capitalisation - without compromising risk appetite and underwriting standards.

An upward rating action of Burgan Bank's supported ratings could be triggered by a similar rating action on Burgan K.P.S.C., although given the stable outlook, this is unlikely in the near future.

What Could Change the Rating - Down

Downward pressure could develop on Burgan-AS's BCA if significant changes in the bank's strategy or management cause adverse developments in its performance leading to (1) a deterioration in profitability; (2) poor asset quality and reduced coverage of non-performing loans; (3) capital growth failing to keep pace with asset growth; and/or (4) tight liquidity indicators with increased reliance on intergroup funds.

A downgrade of Burgan bank AS's supported ratings could be triggered by a downwards rating action in the baseline standalone credit assessment (BCA) of Burgan Bank K.P.S.C., or if Moody's lowers its parental support assumptions, leading a reduction in the rating uplift incorporated into Burgan AS's ratings.