

## Credit Rating Disclosure Form

<b>Date</b>	10 May 2016
<b>Name of Listed Company</b>	Burgan Bank K.P.S.C
<b>Rating Agency</b>	Standard & Poor's Ratings Services
<b>Rating Category</b>	BBB+/A-2' long- and short-term counterparty credit ratings'
<b>Rating Drivers</b>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>· A geographically diversified lending book.</li> <li>· Adequate capitalization and liquidity.</li> <li>· Resilient operating income.</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>· Significant concentration on both sides of the balance sheet</li> <li>· Large related party exposures.</li> <li>· Sizable overseas operations in riskier countries than the Kuwait home market.</li> </ul>
<b>Rating Impact on the Company's Status</b>	No change in ratings.
<b>Rating Outlook</b>	<p>The outlook remains stable.</p> <p>The stable outlook reflects S&amp;P Global Ratings' expectation that Burgan Bank will maintain its risk-adjusted capital (RAC) ratio above 8.0% over the next 12-24 months. Although we expect a slight deterioration in the bank's asset quality and profitability over the next 12-24 months due to less a supportive operating environment in Kuwait and Turkey, we think its financial profile will remain relatively stable.</p> <p>We would consider a negative rating action on Burgan Bank in the unlikely scenario of significant deterioration in the bank's asset quality that could occur if concentration risk materializes. We could also lower the rating in the unlikely scenario where its capitalization deteriorates significantly or comes close to the minimum capital</p>

	<p>requirements in Kuwait.</p> <p>Although a remote possibility over the next 12-24 months, we could upgrade Burgan Bank if the operating environment of its overseas operations stabilizes and the bank displays a stronger track record of resilient profitability indicators. An upgrade could also follow a decrease in related party exposures to more manageable levels while asset quality indicators remain at current levels.</p>
<p><b>Translation of the Press Release or the Executive Summary</b></p>	<p>Rationale</p> <p>We base our ratings on Burgan Bank on the bank's 'bbb-' anchor and our view of its adequate business position, reflecting its corporate banking franchise and geographically diversified earning generation. We view the bank's capital and earnings as adequate as we expect our RAC ratio for the bank to remain above 8.0% over the next 12-24 months. We assess Burgan Bank's risk position as moderate, given its high lending concentrations and large related-party lending exposures. We view the bank's funding as average and its liquidity as adequate. We therefore assess the bank's stand-alone credit profile (SACP) at 'bb+'.</p> <p>The long-term rating BBB+ on Burgan Bank is three notches higher than the SACP, reflecting our view of a high likelihood that the government of Kuwait would provide extraordinary support to the bank in the event of financial distress. We classify Burgan Bank as having high systemic importance in Kuwait and consider Kuwait to be highly supportive of the banking sector.</p>

Best Regards,

**Khalid Al-Zouman**