

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.

Rating Drivers supporting the Rating:

- Significantly improved loan asset quality – more than full provision cover for non-performing loans (NPLs) in H1 2013;
- Good level of liquidity; deep base of customer deposit funding;
- Well capitalised balance sheet with sound internal capital generation;
- Established domestic franchise complemented by diversified MENA regional presence.

Rating Drivers constraining the Rating:

- Concentrations within the customer deposit base and to a lesser extent in loan portfolio.
- Still modest profitability at the net level, although operating profitability is sound.
- Operating environment remains challenging both domestically and regionally.

CI affirmed BB’s Financial Strength Rating (FSR) of ‘BBB’, on the basis of the improving asset quality, comfortable liquidity and solid capital adequacy. 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 assigned a ‘Positive’ Outlook for the FSR.

The Bank’s Support Level of ‘2’ was maintained, reflecting the explicit government guarantee of customer deposits held with Kuwaiti banks, which remains in force, as well as the high likelihood of official and shareholder financial support, in case of need.