



Date: 23 December 2020

التاريخ: 23 ديسمبر 2020

To : Boursa Kuwait Company
Dear Sir,

السادة/ شركة بورصة الكويت المحترمين
تحية طيبة وبعد،

Subject: Fitch Credit Rating Agency

الموضوع: التصنيف الصادر عن وكالة فيتش

Reference to the Capital Markets Authority's Regulations concerning Disclosure of Substantial Information and the mechanism to announce the same, and to Chapter 4, Book (10), Article 4-1-1/18.

بالإشارة إلى تعليمات هيئة أسواق المال الكتاب العاشر الفصل الرابع مادة 4-1-1/18 بشأن الإفصاح عن المعلومات الجوهرية وآلية الإعلان عنها.

We would like to state that Fitch Ratings, has affirmed Kuwait International Bank's (KIB) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. Fitch has also affirmed the Bank's Viability Rating (VR) at 'bb-'.

نود الإفادة بأن وكالة التصنيف العالمية "فيتش" قد قامت بتثبيت التصنيف الائتماني طويل الأجل لمصرفنا عند "A+" مع النظرة المستقبلية "مستقرة". بالإضافة الى تثبيت تصنيف القدرة الذاتية للبنك عند "bb-".

Attached is the disclosure form of the credit rating.

ومرفق طيه نموذج الإفصاح عن التصنيف الائتماني.

Best Regards,

وتفضلوا بقبول فائق الاحترام،،،

محمد سعيد السقا

Mohamed Said EL Saka



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نائب الرئيس التنفيذي
Deputy Chief Executive Officer

Disclosure Form of Credit Ratings

Date	23 December 2020
Listed Company	Kuwait International Bank
Rating Agency	Fitch Ratings
Ratings for KIB	<p>Long-term IDR affirmed at 'A+'; Outlook Stable Short-term IDR affirmed at 'F1' Viability Rating affirmed at 'bb-'. Support Rating affirmed at '1' Support Rating Floor affirmed at 'A+'</p>
Rating Denotations	<ol style="list-style-type: none"> 1. Long-term IDRs at (A+): A High credit quality rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. 2. Short-term IDRs at (F1): The Highest short-term credit quality indicates the strongest intrinsic capacity for timely payment of financial commitments. 3. Support Rating (SR) at (1): A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. 4. Support Rating Floor (SRF) at (A+): This rating reflects the agency's view about the likelihood that the rated entity will receive extraordinary support, in case of need, specifically from government authorities. 5. Viability Rating at (bb-): "bb" ratings denote moderate prospects for ongoing viability. A moderate degree of fundamental financial strength exists, which would have to be eroded before the bank would have to rely on extraordinary support to avoid default. However, the bank has higher vulnerability to adverse changes in business or economic conditions over time. The modifiers '+' or '-' may be appended.
Reflection of Ratings on Company's Profile	Credit rating affirmation only – There is no change to the previous rating, which reinforces the Bank's financial position and operating environment.
Outlook	Stable.

Executive Summary

On 22 December 2020, Fitch Ratings affirmed Kuwait International Bank's (KIB) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. Fitch has also affirmed the bank's Viability Rating (VR) at 'bb-'.

KIB's Issuer Default Ratings (IDRs) reflect an extremely high probability of support from the Kuwaiti authorities, if needed. This considers Kuwait's strong ability to provide support to domestic banks, as reflected by its sovereign rating (AA/Stable) and strong willingness to do so irrespective of the banks' size, franchise, funding structure and the level of government ownership.

The Central Bank of Kuwait operates a strict regime with good oversight, sound supervision and active monitoring ensuring compliance with prudential limits. These include Basel III capital, leverage and liquidity requirements, as well as financing caps and best practice corporate governance requirements.

The Stable Outlook on KIB's Long-Term IDR reflects that on the Kuwaiti sovereign rating. An exceptionally strong external balance sheet and the vast assets of the Kuwait Investment Authority underpin the sovereign's rating (AA/Stable).

Key rating drivers include stable funding, nominal domestic franchise, higher risk appetite, asset quality and profitability under pressure, adequate but declining capitalization.

Fitch stated that the bank's fast growth and the implementation of Basel 3 have reduced capitalisation levels and buffers over minimum requirements but capital ratios continue to compare well with peers. KIB successfully issued a USD300 million perpetual Tier 1 sukuk in June 2019 and a USD300 million Tier 2 sukuk in November 2020 to boost its total capital adequacy ratio and fund its growth.

Fitch also concluded that KIB's liquidity risk remains contained.

According to Fitch, a stronger franchise and better profitability, lower financing growth and concentrations, as well as a record of stable asset quality would be positive for the VR.