

8 November 2022

8 نوفمبر 2022

The Chief Executive Officer
Boursa Kuwait
Kuwait

السيد الفاضل / الرئيس التنفيذي لبورصة الكويت
بورصة الكويت
دولة الكويت

Dear Sir,

تحية طيبة وبعد ،

Reference to article number 4-5 from the
“Disclosure & Transparency” Module No. 10 of
the Capital Markets Authority Executive
Bylaws and its Law No. 7/2010 and its
amendments.

إعمالاً بنص المادة 4-5 من الكتاب العاشر (كتاب الإفصاح
والشفافية) من اللائحة التنفيذية للقانون رقم 7 لسنة
2010 بشأن انشاء هيئة أسواق المال وتنظيم أنشطة الأوراق
المالية وتعديلاته.

Please find attached the disclosure form
pertaining to the credit ratings of Ahli United
Bank K.S.C.P. by Fitch Ratings

مرفق طيه نموذج الإفصاح عن التصنيف الائتماني للبنك
الأهلي المتحد ش.م.ك.ع. من وكالة فيتش للتصنيف
الائتماني .

Yours sincerely,

وتفضلوا بقبول فائق الاحترام ،،،

جهد سعود الحميضي
الرئيس التنفيذي

Jehad Saud Al-Humaidhi
Chief Executive Officer

الرئيسي

البنك الأهلي المتحد
ahli united bank

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HEAD OFFICE

Ahli United Bank K.S.C.P.

Established in 1941

Authorized Capital K.D. 350,000,000/-

Issued & Paid up Capital K.D. 250,157,725/900

C.R. 429

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SWIFT CODE: BKMEKWKW

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البنك الأهلي المتحد (ش.م.ك.ع.)

تأسس عام 1941

رأس المال المصرح به - / 350,000,000 د.ك.

رأس المال المصدر والمدفوع - 250,157,725/900 د.ك.

سجل تجاري 429

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نموذج الإفصاح عن التصنيف الائتماني

الملحق # 9

	التاريخ	2022/11/07
	اسم الشركة المدرجة	البنك الأهلي المتحد ش.م.ك.ع.
	الجهة المصدرة للتصنيف	وكالة فيتش للتصنيف الائتماني
	فئة التصنيف	<ul style="list-style-type: none"> - تثبيت تصنيف عجز المصدر طويل الاجل (IDR) عند "A" و تثبيت النظرة المستقبلية عند "مستقرة" - تثبيت التصنيف الائتماني لعجز المصدر عن السداد على المدى القصير عند "F1" - تأكيد القدرة الذاتية للبنك (VR) عند "bbb" - تصنيف الدعم الحكومي (GSR) عند (a)
	مدلولات التصنيف	<ul style="list-style-type: none"> - جودة ائتمانية عالية. يدل تقييم المصدر طويل الأجل (IDR) على انخفاض مخاطر التخلف عن السداد. تعتبر القدرة على سداد الالتزامات المالية قوية. قد تكون هذه القدرة ، مع ذلك ، عرضة لظروف العمل أو الظروف الاقتصادية المعاكسة كما هو الحال بالنسبة للتصنيفات الأعلى. - جودة ائتمانية جيدة على المدى القصير. يشير IDR قصير الأجل لـ F1 تشير إلى قدرة جوهرية لسداد الالتزامات المالية في الوقت المحدد. - جودة ائتمانية أساسية جيدة. تشير تصنيف القدرة الذاتية للبنك (VRs) ضمن نطاق "bbb" إلى احتمالات جيدة للقدرة المستمرة. تعتبر أساسيات البنك كافية ، تجعل احتمالات اللجوء لأي دعم استثنائي لتجنب الإخفاق في السداد ضعيفة . ومع ذلك ، من المرجح أن تؤدي الظروف الاقتصادية أو التجارية المعاكسة إلى إضعاف هذه القدرة حال حدوثها. - يشير تصنيف الدعم الحكومي (GSR) من "a" إلى احتمالية عالية جدًا للحصول على دعم خارجي عند الحاجة. يتم تصنيف مقدم الدعم المحتمل بدرجة عالية جدًا ، ولديه توجه أكيد نحو دعم المؤسسة المالية المعنية.
	انعكاس التصنيف على أوضاع الشركة	لا يوجد تأثير على البنك
	النظرة المستقبلية	مستقرة
	التصريح الصحفي أو الملخص التنفيذي	<p>الملخص التنفيذي:</p> <p>في 7 من نوفمبر 2022 ، أكدت وكالة فيتش تصنيف المصدر طويل الاجل (IDR) للبنك الأهلي المتحد الكويت ش.م.ك.ع. عند "A" مع نظرة مستقبلية.</p> <p>تأتي إجراءات التصنيف في أعقاب الإعلان الصادر في 2 أكتوبر 2022 عن أستحواذ بيت التمويل الكويتي ش.م.ك. على البنك الأهلي المتحد ش.م.ب. عن طريق مقايضة الأسهم وتأكد فيتش أن الاستحواذ لم يؤثر على قدره الذاتيه (VR) للبنك الأهلي المتحد الكويت . ما يعكس صلابه ومكانه البنك كبنك محلي .</p>

الم

وعقب عملية الاستحواذ وتبادل الأسهم ، أصبح البنك الأهلي المتحد الآن شركة تابعة
لبيت التمويل الكويتي ، وأصبح مساهمو البنك الأهلي المتحد الآن مساهمين في بيت
التمويل الكويتي. كما أصبحت الشركات التابعة للبنك الأهلي المتحد الآن جزءاً من
مجموعة بيت التمويل الكويتي ، ويخطط بيت التمويل الكويتي لتحويل كل من البنك
الأهلي المتحد والشركات التابعة له إلى وحدات متوافقة مع الشريعة الإسلامية.

Amgad Younes
Senior General Manager
Head of Finance

Credit Rating Disclosure Form

Appendix # 9



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07 NOV 2022

Fitch Affirms KFH, AUB on Acquisition, Upgrades UK Subsidiary

Fitch Ratings - London - 07 Nov 2022: Fitch Ratings has affirmed Kuwait Finance House K.S.C.P's (KFH), Ahli United Bank B.S.C.'s (AUB) and Ahli United Bank K.S.C.P's (AUBK) Long-Term Issuer Default Ratings (IDR) at 'A', 'BB+' and 'A', respectively.

It has also upgraded the Long-Term IDR of Ahli United Bank (UK) PLC (AUBUK) to 'A' from 'BBB' and removed it from Rating Watch Positive (RWP). The Outlook is Stable.

The rating actions follow the completion on 2 October 2022 of KFH's acquisition of AUB by way of a share swap.

The Viability Ratings of the four banks are unaffected by this event.

Following the acquisition, Fitch has withdrawn AUBUK's Government Support Rating (GSR) of 'bbb' and assigned a Shareholder Support Rating (SSR) of 'a', and has withdrawn AUB's 'bb+' GSR and assigned an SSR of 'bb+', as the agency has changed its assessment of support for these entities from sovereign to institutional.

Key Rating Drivers

Following the acquisition and share swap, AUB is now a subsidiary of KFH and AUB's shareholders are now shareholders in KFH. AUB's subsidiaries have now become part of the KFH group, and KFH plans to convert both AUB and its subsidiaries into sharia-compliant units.

The acquisition has made KFH the second-largest Islamic bank globally by assets behind Al Rajhi Bank of Saudi Arabia. KFH's market share in Kuwait has increased to 28% from 22% of domestic assets, as per Fitch calculations, remaining behind National Bank of Kuwait S.A.K.P's 33% (including its subsidiary Boubyan Bank).

The IDRs of KFH and AUBK, as Kuwaiti domestic banks, reflect potential support from the Kuwaiti authorities, if needed. Fitch's assessment of potential government support to Kuwaiti banks factors in the sovereign's strong ability to provide support, as reflected in the sovereign rating (AA-/Stable), underpinned by Kuwait's exceptionally strong external balance sheet and vast net foreign assets.

The IDRs of AUBUK and AUB reflect potential support, if needed, from their new shareholder, KFH (A/Stable).

AUBUK's Ratings Equalised with KFH's: The equalisation of AUBUK's ratings with that of KFH reflects

KFH's strong ability (as indicated by its ratings) and propensity to provide support to AUBUK, in case of need. The latter considers the key role AUBUK will play for KFH, as a strategically important subsidiary providing it with access to the highly developed UK market. In equalizing AUBUK's ratings with KFH's, we also considered the expected high level of management and business integration between the two entities.

Country Ceiling Constraint: Despite our view of KFH's strong willingness to support AUB, in case of need, AUB's SSR has been assigned five notches below KFH's Long-Term IDR and is in line with Bahrain's sovereign rating. This is because Fitch's view of potential shareholder support is constrained by Bahrain's Country Ceiling of 'BB+'.

Short-Term IDRs: KFH's, AUBK's and AUBUK's 'F1' Short-Term IDRs are the lower of two options mapping to an 'A' Long-Term IDR because a significant part of Kuwaiti banks' funding is related to the government and a stress scenario for these banks would likely come when the sovereign itself is experiencing some form of stress.

AUB's 'B' Short-Term IDR is the only possible option in the Long-Term 'BB' IDR category.

Rating Sensitivities

Factors that could, individually or collectively, lead to negative rating action/downgrade:

A downgrade of KFH's and AUBK's IDRs would require a downgrade of their GSRs. This could stem from a weaker ability of the Kuwaiti authorities to support reflected in a sovereign downgrade. However, we deem the latter as unlikely as the sovereign rating is on Stable Outlook. A weaker propensity of the Kuwaiti authorities to support any of these two banks would also lead to a negative rating action, but this is unlikely in Fitch's view, given Kuwait's strong record of supporting domestic banks.

A downgrade of AUBUK's would require a downgrade of its SSR, which would follow a downgrade of KFH's IDR. AUBUK's SSR would also be downgraded if Fitch views the propensity of KFH to support AUBUK as diminishing. This would most likely be the result of a reduction in AUBUK's strategic role for KFH, integration or ownership stake.

A downgrade of AUB's IDRs could result from a downgrade of Bahrain's sovereign rating or a downward revision of Bahrain's Country Ceiling.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

All four banks' IDRs are support-driven, so any upgrades would require a higher likelihood of support being available.

AUBUK's IDRs could be upgraded if KFH's IDRs are upgraded.

Upgrades of the IDRs of KFH and AUBK would likely require an upgrade of Kuwait's sovereign ratings.

An upgrade of AUB's IDRs would require an upward revision of Bahrain's Country Ceiling.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

The banks' senior unsecured programmes (including sukuk) and notes issued under these programmes are rated in line with the respective banks' IDRs.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

The senior unsecured debt and sukuk ratings are sensitive to changes in the respective banks' IDRs. The sukuk ratings of KFH and AUB are also sensitive to material changes in the roles and obligations of the banks under their respective sukuk structures and documents.

Best/Worst Case Rating Scenario

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

Sources of Information

The principal sources of information used in the analysis are described in the Applicable Criteria.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

The IDRs of KFH and AUBK are dependent on support from the Kuwaiti authorities.

The IDRs of AUB and AUBUK are linked to KFH's.

ESG Considerations

KFH and AUBK each has an ESG Relevance Score of '4' for Governance. Islamic banks need to ensure compliance of their entire operations and activities with sharia principles and rules. This entails additional costs, processes, disclosures, regulations, reporting and sharia audit. This results in a Governance Structure Relevance Score of '4' (in contrast to a typical ESG relevance score of '3' for comparable conventional banks), which has a negative impact on the banks' credit profiles and is relevant to the ratings in combination with other factors.

KFH and AUBK each has an ESG Relevance Score of '3' for exposure to social impact, in contrast to a

typical ESG relevance score of '2' for comparable conventional banks. This reflects that Islamic banks have certain sharia limitations embedded in their operations and obligations, although this only has a minimal credit impact on the entities.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Ahli United Bank K.S.C.P.	LT IDR	A 	Affirmed	A 
	ST IDR	F1	Affirmed	F1
	Government Support	a	Affirmed	a
AUB Sukuk Limited				
	• senior unsecured ^{LT}	BB+	Affirmed	BB+
Ahli United Bank (UK) PLC	LT IDR	A 	Upgrade	BBB 
	ST IDR	F1	Upgrade	F3 
	Government Support	WD	Withdrawn	bbb 
	Shareholder Support	a	New Rating	
Ahli United Bank B.S.C.	LT IDR	BB+ 	Affirmed	BB+ 

ENTITY/DEBT	RATING		RECOVERY	PRIOR
	ST IDR	B	Affirmed	B
	Government Support	WD	Withdrawn	bb+
	Shareholder Support	bb+	New Rating	
• senior unsecured ^{LT}		BB+	Affirmed	BB+
• senior unsecured ST		B	Affirmed	B
KFH Sukuk Company SPC Limited				
• senior unsecured ^{LT}		A	Affirmed	A
• senior unsecured ST		F1	Affirmed	F1
Kuwait Finance House (K.S.C.P.)				
	LT IDR	A ⁺	Affirmed	A ⁺
	ST IDR	F1	Affirmed	F1
	Government Support	a	Affirmed	a

RATINGS KEY OUTLOOK WATCH

POSITIVE	+	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	⊙	

Applicable Criteria

[Bank Rating Criteria \(pub.07 Sep 2022\) \(including rating assumption sensitivity\)](#)

[Sukuk Rating Criteria \(pub.13 Jun 2022\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Ahli United Bank (UK) PLC	UK Issued, EU Endorsed
Ahli United Bank B.S.C.	UK Issued, EU Endorsed
Ahli United Bank K.S.C.P.	UK Issued, EU Endorsed
AUB Sukuk Limited	UK Issued, EU Endorsed
KFH Sukuk Company SPC Limited	UK Issued, EU Endorsed
Kuwait Finance House (K.S.C.P.)	UK Issued, EU Endorsed

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[document](#) details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

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