

Banks Ratings Navigator		
Navigator date:	DRAFT	
Last rating action:	05 Nov 2015	
Sector Details:		
Bank sector:	Trading & Investment	
Region:	EM Middle East and Africa	
Country:	Bahrain	
Country IDR:	BBB- Negative	
Last action:	04 Dec 15 Affirmed	
Country ceiling:	BBB+	
Macro prudential indicator:	1	
Bank systemic indicator:	bbb	
Bank Rating History		
Viability Rating (VR)		
05 Nov 15	bb	Affirmed
10 Nov 14	bb	Affirmed
11 Nov 13	bb	Affirmed
Issuer Default Rating (IDR)		
05 Nov 15	BB Stable	Affirmed
10 Nov 14	BB Stable	Affirmed
11 Nov 13	BB Stable	Affirmed
Support Rating Floor (SRF)		
05 Nov 15	NF	Affirmed
10 Nov 14	NF	Affirmed
11 Nov 13	NF	Affirmed
Bar Chart Legend:		
Vertical bars = VR range of Rating Factor		
Bar Colors = Influence on final VR		
█	Higher Influence	
█	Moderate Influence	
█	Lower Influence	
Bar Arrows = Rating Factor Outlook		
↑	Positive	↓ Negative
↕	Evolving	□ Stable
Peer Ratings bars = Count of banks		
1	EM Middle East and Africa Trading & Investment	
1	Bahrain Trading & Investment	
Relevant Criteria & References		
Global Bank Rating Criteria		
Global Non-Bank Rating Criteria		
Macro-Prudential Risk Monitor		

	Peer Ratings	Operating Environment	Company Profile	Management & Strategy	Risk Appetite	Asset Quality	Financial Profile			Viability Rating	Support Rating Floor	Issuer Default Rating
							Earnings & Profitability	Capitalisation & Leverage	Funding & Liquidity			
aaa										aaa	AAA	AAA
aa+										aa+	AA+	AA+
aa										aa	AA	AA
aa-										aa-	AA-	AA-
a+										a+	A+	A+
a										a	A	A
a-										a-	A-	A-
bbb+										bbb+	BBB+	BBB+
bbb										bbb	BBB	BBB
bbb-										bbb-	BBB-	BBB-
bb+										bb+	BB+	BB+
bb										bb	BB	BB Stable
bb-										bb-	BB-	BB-
b+										b+	B+	B+
b										b	B	B
b-										b-	B-	B-
ccc										ccc	CCC	CCC
cc										cc	CC	CC
c										c	C	C
f										f	NF	D or RD

Support Rating Floor				Value
Typical D-SIB SRF for sovereign's rating level (assuming high propensity)				BBB- to BB
Actual country D-SIB SRF				BBB-
Support Rating Floor:				NF
Support Factors		Positive	Neutral	Negative
Sovereign ability to support system				
Size of banking system		✓		
Size of potential problem			✓	
Structure of banking system			✓	
Liability structure of banking system		✓		
Sovereign financial flexibility		✓		
Sovereign propensity to support system				
Track record of banking sector support			✓	
Resolution legislation			✓	
Government statements of support			✓	
Sovereign propensity to support bank				
Systemic importance			✓	
Ownership			✓	
Liability structure of bank			✓	
Specifics of bank failure			✓	
Policy banks				
Policy role				
Funding guarantees and legal status				
Government ownership				

Drivers & Sensitivities	
Strong Gulf Client Base	The ratings reflect the company's strong client franchise and high degree of brand name recognition in the Gulf, supported by its track record and long-term relationships in the region.
Solid Funding and Liquidity Profile	Long-dated debt and secured financing for its co-investment portfolio reduce the refinancing and liquidity risks inherent in Investcorp's business model of originating and syndicating alternative investments.
Robust Capital Adequacy	Investcorp maintains strong capital levels that are well in excess of the Central Bank of Bahrain's minimum requirements.
Equity Sale Transaction a Positive	Investcorp sold a 9.9% stake in itself to a new gulf-based institutional shareholder. The transaction provides a potentially more stable equity base and allowed for preference share buybacks which improved fixed charge coverage.
Inherent Earnings Volatility	Investcorp is exposed to increased potential earnings volatility and placement risk given that transactions are originated and placed with investors on a deal-by-deal basis, as opposed to raising dedicated funds with an investment/re-investment period.
Significant Balance Sheet Exposure to Co-Investments	Balance sheet exposure to co-investments has declined but still remains high and may result in increased long-term balance sheet risk resulting from investment losses and capital erosion.
Recurring Management Fees a Positive Driver	A one-notch upgrade could be achieved if Investcorp successfully increases the proportion of recurring management fee income generated from its assets under management.
Analysts	
1st	Michael Dodge michael.dodge@fitchratings.com +1 212 908 0379
2nd	David Pierce david.pierce@fitchratings.com +44 203 530 1014

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