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Sirs, Boursa Kuwait
Sirs, Capital Markets Authority

السادة/ بورصة الكويت المحترمين
السادة/ هيئة أسواق المال المحترمين

وفقاً لأحكام الفصل الرابع (الإفصاح عن المعلومات الجوهرية) من الكتاب العاشر (الإفصاح والشفافية) من اللائحة التنفيذية للقانون رقم 2010/7 بشأن إنشاء هيئة أسواق المال وتنظيم نشاط الأوراق المالية وتعديلاتها. According to chapter four (Disclosure of Material Information) of module ten (Disclosure and Transparency) of CMA Executive Bylaws of Law No. 7/2010 and its amendments.

مرفق لكم ملحق رقم (8) نموذج الإفصاح عن التصنيف الائتماني، بخصوص تقرير التصنيف الائتماني الصادر من قبل وكالة فيتش عن البنك التجاري الكويتي. Kindly find attached the Annex No. (8) Disclosure of Credit Rating Form covering the credit rating report issued by Fitch about Commercial Bank of Kuwait.

Best regards,

مع أطيب التمنيات،

تميم الميعان
مدير عام الالتزام والحوكمة

Tamim Al-Mean
GM – Compliance & Corporate Governance



Disclosure of Credit Rating Form

Date	23 October 2022
Name of Listed Company	Commercial Bank of Kuwait (K.P.S.C)
Entity who issues the rating	Fitch Ratings
Rating category	<ul style="list-style-type: none"> – Long-Term Issuer Default Rating (IDR): A – Short-Term Issuer Default Rating (IDR): F1 – Viability Rating (VR): bb+ – Government Support Rating (GSR): a
Rating implications	<p>"Fitch" applies special methodology when rating banks, the same can be found on the agency website.</p> <ul style="list-style-type: none"> – Long-Term (IDR): A The rating denote 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 higher ratings. – Short-Term (IDR): F1 This rating indicates intrinsic capacity for timely payment of financial commitments. – Viability Rating (VR): bb+ The 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, an elevated vulnerability exists to adverse changes in business or economic conditions over time. – Government Support Rating (GSR): a Very high probability of external support being forthcoming. The potential provider of support is very highly rated, and has at least a high propensity to support the Bank.
Rating effect on the status of the company	The VR factors improved the asset quality, strong capitalisation, experienced management, stable funding and sound liquidity.

Outlook	Stable
Translation of the press release or executive summary	<p>CBK's Viability Rating (VR) reflects its moderate franchise, high-risk appetite, and weak operating profitability. The VR also factors in CBK's improved asset quality, strong capitalisation, experienced management, stable funding and sound liquidity.</p> <p>Improved Asset Quality: CBK had no impaired loans at end-1H22 as it writes off loans as soon as they become impaired, whilst swiftly initiating recovery efforts. The generation of potential problem loans reduced to record lows of 0.3% of gross loans in 1H22 (2021: 0.5%; 2020: 3.5%) and compares well with peers.</p> <p>Weak Operating Profitability: Muted growth in business volumes has dampened revenue growth, and pre-impairment operating profit was down by 5% in 1H22. Operating profit and net income in 1H22 more than doubled compared to 1H21 due to net impairment recoveries.</p> <p>Strong Capital Ratios: The bank has some of the highest capital metrics across the sector with common equity Tier 1 (CET1) and Basel leverage ratios of 17.1% and 11.8%, respectively, at end-1H22 (sector average CET1: 13.2%). However, high concentration remains a risk.</p> <p>Stable Funding, Sound Liquidity: CBK is mostly funded by customer deposits but its reliance on wholesale funding results in high deposit concentration. Deposits have historically been stable, mitigating risk from liquidity maturity mismatches. The bank's end-1H22 liquidity coverage ratio (LCR; 188%) and net stable funding ratio (NSFR; 105%) underpin the bank's good funding and liquidity profile.</p>