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

Best regards,

مع أطيب التمنيات،

تميم الميعان
مدير عام الالتزام والحوكمة

Tamim Al-Mean
GM – Compliance & Corporate Governance



Annex (8)

Disclosure of Credit Rating Form

Date	28 February 2023
Name of Listed Company	Commercial Bank of Kuwait (K.P.S.C) CBK
Entity who issues the rating	Moody's
Rating category	<ul style="list-style-type: none"> - Long-term Counterparty Risk Ratings: A2 - Short-term Counterparty Risk Ratings: P-1 - Long-term Bank Deposits: A3 - Short-term Bank Deposits: P-2 - Baseline Credit Assessment: ba1 - Adjusted Baseline Credit Assessment: ba1 - Long-term Counterparty Risk Assessment: A2(cr) - Short-term Counterparty Risk Assessment: P-1(cr)
Rating implications	<p>"Moody's" use principle methodology when rating banks, the same can be found on the agency website.</p> <p><u>Counterparty Risk Ratings:</u> CRRs are opinions of the ability of entities to honor the uncollateralized portion of non-debt counterparty financial liabilities (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honored.</p> <ul style="list-style-type: none"> - Long-term Counterparty Risk Ratings, affirmed A2: Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. The modifier 2 indicates a mid-range ranking. - Short-term Counterparty Risk Ratings, affirmed P-1: Issuers or supporting institutions rated P-1 have a superior ability to repay short-term debt obligations. <p><u>Bank Deposit Ratings:</u> BDRs are opinions of a bank's ability to repay punctually its foreign and/or domestic currency deposit obligations and also reflect the expected financial loss of the default.</p> <ul style="list-style-type: none"> - Long-term Bank Deposits, affirmed A3 stable:

	<p>Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. The modifier 3 indicates a ranking in the lower end of that generic rating category.</p> <ul style="list-style-type: none"> - Short-term Bank Deposits, affirmed P-2: Issuers or supporting institutions rated Prime-2 has a strong ability to repay short-term debt obligations. <p><u>Baseline Credit Assessment:</u> BCAs are opinions of issuers' standalone intrinsic strength, absent any extraordinary support from an affiliate or a government.</p> <ul style="list-style-type: none"> - Baseline Credit Assessment, Affirmed ba1: Issuers assessed ba are judged to have speculative intrinsic, or standalone, financial strength, and are subject to substantial credit risk absent any possibility of extraordinary support from an affiliate or a government. The modifier 1 indicates that the obligation ranks in the higher end of its generic assessment category. <p><u>Counterparty Risk Assessment:</u> CRAs are opinions on the likelihood of a default by an issuer on certain senior operating obligations and other contractual commitments.</p> <ul style="list-style-type: none"> - Long-term Counterparty Risk Assessment, affirmed A2(cr): Long-term counterparty risk Assessment reference obligations with an original maturity of one year or more. Issuers assessed A (cr) are judged to be upper-medium grade and are subject to low risk of defaulting on certain senior operating obligations and other contractual commitments. The modifier 2 indicates a mid-range ranking - Short-term Counterparty Risk Assessment, affirmed P-1(cr): Short-term counterparty risk assessments reference obligations with an original maturity of thirteen months or less. Issuers assessed P-1(cr) have a superior ability to honor short-term operating obligations.
Rating effect on the status of the company	The stable outlook on CBK's ratings reflects the balance between the bank's strong core revenue-generating capacity and solid capital, and provisioning buffers against high credit concentrations, and the recent high provisioning charges and write-offs.
Outlook	Stable
Translation of the press release or executive summary	CBK's A3 long-term deposit rating incorporates four notches of uplift from the bank's ba1 standalone Baseline Credit Assessment (BCA), reflecting our view of a very high probability of support from the Government of Kuwait (A1 stable) in case of need. The bank's short-

term deposit rating is Prime-2 while its Counterparty Risk Ratings (CRRs) are at A2/Prime-1 and Counterparty Risk (CR) Assessments at A2 (cr)/Prime-1(cr).

As of 30 September 2022, Commercial Bank of Kuwait K.P.S.C. (CBK) had total assets of KWD4.3 billion (\$13.7 billion). CBK was the eighth-largest bank in Kuwait in terms of assets as of 30 September 2022, with an around 5.2% domestic market share.

CBK provides its retail and corporate customers with a range of banking and financial services, including lending and deposit facilities, as well as money market, foreign exchange, treasury bond, asset management and brokerage facilities.

Credit Strengths

- Solid capitalisation and high provisions to absorb credit losses
- Strong core profitability, helped by good cost efficiency
- Stable deposit base and significant liquidity buffers
- Very high probability of government support, which underpins the bank's deposit ratings

Credit challenges

- Credit costs and write-offs have been high in recent years, and credit concentrations drive high asset risks
- Bottom-line earnings are constrained by high provisions
- There are systemic funding concentrations, mostly to government-related entities.

Strong core profitability, but bottom-line earnings are still constrained by provisions

CBK continues to record strong operating efficiency, with a cost-to-income ratio of around 33.5% for the first nine months of 2022. The bank's pre-provision income/average total assets was 2.1% for the same period, above the system average, and provides a first line of defense against potential losses.

Solid capitalisation buffers to absorb unexpected credit losses

CBK reported a Basel III Tier 1 capital adequacy ratio (made up almost exclusively by CET1 capital) of 17.6% as of September 2022, well above the median for its global peers that Moody's rate similarly and the current regulatory requirement. The bank also reported a Basel

III leverage ratio of 12.1% as of the end of September 2022, which compares well with that of its global peers.

ESG considerations

CBK's ESG Credit Impact Score is neutral-to-low (CIS-2), reflecting a limited credit impact of environmental, social and governance factors on the rating to date. Environmental risks are high and driven by Kuwait's high exposure to carbon transition risk, because of its economic and fiscal dependence. The bank's social risks are moderate but well managed, and its governance structure is appropriate for its size. Any ESG-related risks are neutralised by the government support rating uplift incorporated in the bank's deposit ratings.