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Sirs, Boursa Kuwait  
Sirs, Capital Markets Authority

السادة/ بورصة الكويت المحترمين  
السادة/ هيئة أسواق المال المحترمين

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. 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 وتعديلاتهما.

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. The Agency upgraded some of the Commercial Bank of ratings and changed the future outlook rating from positive to stable. مرفق لكم ملحق رقم (8) نموذج الإفصاح عن التصنيف الائتماني، بخصوص تقرير التصنيف الائتماني الصادر من قبل وكالة موديز عن البنك التجاري الكويتي. حيث قامت الوكالة برفع بعض تصنيفات البنك التجاري الكويتي وتغيير تصنيف النظرة المستقبلية من إيجابية إلى مستقرة.

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

<b>Date</b>	07 August 2024
<b>Name of Listed Company</b>	Commercial Bank of Kuwait (K.P.S.C) CBK
<b>Entity who issues the rating</b>	Moody's
<b>Rating category</b>	<ul style="list-style-type: none"> <li>- Long-term Counterparty Risk Ratings: A1</li> <li>- Short-term Counterparty Risk Ratings: P-1</li> <li>- Long-term Bank Deposits: A2</li> <li>- Short-term Bank Deposits: P-1</li> <li>- Baseline Credit Assessment: baa3</li> <li>- Adjusted Baseline Credit Assessment: baa3</li> <li>- Short-term Counterparty Risk Assessment: P-1(cr)</li> <li>- Long-term Counterparty Risk Assessment: A1(cr)</li> </ul>
<b>Rating implications</b>	<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 their non-debt financial liabilities typically to unrelated counterparties (CRR liabilities) and also reflect the expected financial losses in the event such liabilities are not honored.</p> <ul style="list-style-type: none"> <li>- Long-term Counterparty Risk Ratings, affirmed A1: Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. The modifier 1 indicates a higher end of its generic rating category.</li> <li>- 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.</li> </ul> <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"> <li>- Long-term Bank Deposits, affirmed A2 stable: 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.</li> <li>- Short-term Bank Deposits, affirmed P-1:</li> </ul>



	<p>Issuers or supporting institutions rated Prime-1 has a superior ability to repay short-term debt obligations.</p> <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"> <li>– Baseline Credit Assessment, Affirmed baa3: Issuers assessed baa3 are judged to have medium-grade intrinsic, or standalone, financial strength, and thus subject to moderate credit risk and, as such, may possess certain speculative credit elements absent any possibility of extraordinary support from an affiliate or a government. The modifier 3 indicates that a ranking in the lower end of that generic rating category.</li> </ul> <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"> <li>– Long-term Counterparty Risk Assessment, affirmed A1(cr): Long-term counterparty risk Assessment reference obligations with an original maturity of 11 months 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 1 indicates that the issuer ranks in the higher end of its generic assessment category</li> <li>– 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.</li> </ul>
<p><b>Rating effect on the status of the company</b></p>	<p>The upgrade of CBK’s BCA to baa3 reflects the bank’s significantly improved assets quality and profitability further supported by its very strong loss absorption capacity. The upgrade also captures the bank’s strong liquidity buffers which mitigate the risks of a concentrated funding profile and increased reliance on market funding.</p>
<p><b>Outlook</b></p>	<p><b>Stable</b> The stable outlook on the long-term deposit ratings captures Our expectations that the bank will continue to report strong asset quality and improved profitability, while maintain a strong loss-absorption capacity. These strengths will balance the risks associated with high concentration risk on both sides of the balance sheet. It also supports our view that the economic conditions in Kuwait will remain supportive of the bank’s strong asset quality and liquidity indicator over the outlook horizon.</p>



**The press release or executive summary**

Moody's has **upgraded** the Commercial Bank of Kuwait K.P.S.C long- and short- term deposit rating to A2/P1 from A3/P-2 and changed the outlook on the bank's long-term deposit rating to stable from positive. The rating agency also **upgraded** CBK's long-term Counterparty Risk Assessment (CR Assessment) to A1(cr) from A2(cr), long-term Counterparty Risk Rating (CRR) to A1 from A2. Moody's affirmed the bank's short term CR Assessment and short-term CRRs at P-1(cr) and P-1 respectively.

The rating upgrades were driven by our decision to upgrade the Bank's Baseline Credit Assessment (BCA) and Adjusted BCA to baa3 from ba1.

The primary driver for today's rating action CBK's strong track record in maintaining a zero Non-Performing Loan (NPL) rate. This achievement stems from policy initiated in 2018, whereby the bank decided to write off all NPLs.

The upgrade also reflects CBK's stronger profitability which we expect to be sustained going forward, driven by strong margin and relatively low cost of risk. The bank's net income to tangible assets has improved to 2.7% in 2023(2.6% for the first quarter 2024), up from a break-even position in 2020 and 2019 due to high provisioning cost. At this level, which we believe it will be sustained in the future, the bank's profitability is at the highest amongst Kuwaiti banks and compares favorably to its global peers.

CBK's non-interest income continues to be significant contributor to its bottom line, contributing 33% of operating income for the first three months of 2024 and compares favorably with domestic peers. Furthermore, recoveries have also been a key driver for the improved profitability

CBK's tangible common equity to risk weighted assets ratio of 14.6% as at March 2024 is amongst the highest in the system. This relatively high capitalization reflects the bank's elevated loan concentrations which remain a credit weakness.