

Date: 4 July 2019  
REF: CCG/73/2019

**TO: Bursa Kuwait**

Greetings,

According to chapter four (Disclosure of Material Information) of rulebook ten (Disclosure and Transparency) of CMA Executive Bylaws of Law No. 7/2010 and its amendments.

Kindly find attached the Annex No. (9) Disclosure of Credit Rating Form covering the updated credit rating report issued by Capital Intelligence (CI) about Commercial Bank of Kuwait.

**Please note that CI has upgraded the Foreign Currency Short Term from "A2" to "A1" compared with the previous credit rating issued in June 2018. Please also be advised that according to the updated report, the other credit ratings were affirmed, with a stable outlook.**

Best regards,



**Tamim Khaled Al Meaan**  
GM, Compliance & CG



Copy to:  
CMA / Manager, Disclosure Department

## Annex (9)

## Disclosure of Credit Rating Form

<b>Date</b>	4 July 2019
<b>Name of Listed Company</b>	Commercial Bank of Kuwait (K.P.S.C)
<b>Entity who issues the rating</b>	Capital Intelligence Ratings
<b>Rating category</b>	<ul style="list-style-type: none"> <li>– Long Term Foreign Currency Rating (LT FCR): A+</li> <li>– Short Term Foreign Currency Rating (ST FCR): A1</li> <li>– Bank Standalone Rating (BSR): bbb+</li> <li>– Core Financial Strength (CFS): bbb+</li> <li>– Extraordinary Support Level (ESL): High</li> <li>– Operating Environment Risk Anchor (OPERA): bbb</li> </ul>
<b>Rating implications</b>	<ul style="list-style-type: none"> <li>– <b>Long Term Foreign Currency Rating (LT FCR): A+</b> High credit quality. Strong capacity for timely fulfillment of financial obligations. Possesses many favorable credit characteristics but may be slightly vulnerable to adverse changes in business, economic and financial conditions. The “+” indicates that the strength of the Bank is, respectively, slightly greater than that of similarly rated peers.</li> <li>– <b>Short Term Foreign Currency Rating (ST FCR): A1</b> Superior credit quality. Highest capacity for timely repayment of short-term financial obligations that is extremely unlikely to be affected by unexpected adversities.</li> <li>– <b>Bank Standalone Rating (BSR): bbb+</b> This provides a forward-looking view of the standalone credit strength of rated banks – that is, the ability of banks to meet financial obligations on an ongoing basis without requiring extraordinary external support and in the absence of extraordinary interference, including government-imposed transfer, convertibility, and deposit withdrawal restrictions.</li> <li>– <b>Core Financial Strength (CFS): bbb+</b> Focus on the intrinsic financial, operational and business position of a bank relative to peers, with country risk and external support factors filtered out.</li> <li>– <b>Extraordinary Support Level (ESL): High</b> Indicate its expectation of the likelihood of a bank receiving sufficient and timely extraordinary external assistance from owners or the official sector in the event of need.</li> </ul>



	<p>– <b>Operating Environment Risk Anchor (OPERA): bbb</b> This summarizes the strengths, weaknesses, opportunities and threats of the operating environment in a single forward-looking indicator.</p>
<b>Rating effect on the status of the company</b>	Positive effect on the Bank's reputation and the strength of its credit quality.
<b>Out Look</b>	The ratings carry a stable outlook.
<b>Translation of the press release or executive summary</b>	<p>According to Capital Intelligence (CI Ratings or CI) credit rating report, CI Ratings has updated the (ST FCR) from "A2" to "A1" and affirmed the other credit ratings of Commercial Bank of Kuwait (CBK or the Bank), with a stable outlook.</p> <p>Capital Intelligence, the international credit rating agency, announced that it has affirmed the Long-Term Foreign Currency Rating (LT FCR) of Commercial Bank of Kuwait K.S.C at "A+", and adjusted its (ST FCR) to from "A2" to "A1". At the same time, CI Ratings has also assigned to the Bank a Bank Standalone Rating (BSR) of "bbb+". The Outlook for both the (LT FCR) and (BSR) is Stable.</p> <p>CBK's (BSR) is based on Core Financial Strength (CFS) of "bbb+" and an Operating Environment Risk Anchor (OPERA) of "bbb". The (CFS) rating reflects the Bank's financial credit strengths of excellent asset quality, strong capitalization and satisfactory liquidity. Profitability is also credit strength in terms of good returns at both the operating and net levels. CBK's good profitability reflects a low cost of funds, a very low cost-income ratio and a good net interest margin.</p> <p>The Bank and its management are very conservative in balance sheet management, primarily focusing on managing risk rather than growth. This is reflected in the zero NPL positions at the end 2018 and at end Q1 2019. Despite writing off all existing NPLs, the Bank continues to maintain a substantial loss absorption buffer in the form of high level of loan loss reserves. Despite the absence of any NPLs, higher impairments were booked in Q1 2019, lowering net profit for the quarter.</p>