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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 كابيتال إنتليجنس بشأن تصنيف السندات المساندة التي ستصدر عن البنك التجاري الكويتي عند المستوى "BBB" للمرة الأولى والمؤهلة ضمن الشريحة الثانية لرأس المال بقيمة لا تتجاوز 100 مليون دينار كويتي ، مع نظرة مستقبلية مستقرة. Kindly find attached the Annex No. (8) Disclosure of Credit Rating Form, with regards to the first time issue rating at "BBB" published by Capital Intelligence about the Commercial Bank of Kuwait Subordinated Bonds issuance under Tier 2 capital at value Up to KD 100 million, With a stable outlook.

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	18 September 2023
Name of Listed Company	Commercial Bank of Kuwait (K.P.S.C)
Entity who issues the rating	Capital Intelligence
Rating category	Capital Intelligence has assigned a first-time issue rating of ' BBB ' to the KWD100mn Basel III-compliant Tier 2 subordinated unsecured bond issued by CBK.
Rating implications	<p>Capital Intelligence applies special methodology when rating Bonds issuance, the same can be found on the agency website.</p> <p><u>Bond Issue rating: BBB</u></p> <p>Basically sound overall, slight weaknesses in financial or other factors could be remedied fairly easily. May be limited by unstable operating environment.</p>
Rating effect on the status of the company	No financial effect on the Bank.
Out Look	<p>Stable.</p> <p>The Stable Outlook indicates that the issue rating is likely to remain unchanged over the next 12 months, in line with the same expectation for the Bank's BSR which is the starting point for the bond rating. CBK has good buffers in place which support the Stable Outlook.</p>
the press release or executive summary	<p>The issue rating is derived from (i)CBK Bank Standalone Rating (BSR); (ii) the bond's contractual subordination to senior unsecured obligations; and (iii) CI's view that the bond's loss absorption mechanism is unlikely to be triggered before the Bank becomes non-viable on a standalone basis. CI's issue ratings for bank hybrid securities and subordinated debt instruments (especially those with contingent capital features) capture impairment risk (which includes the likelihood of losses due to the activation of any loss absorbing mechanisms) and repayment priority. CI typically uses a bank's BSR as the starting point for such securities. This is because it is considered more likely that extraordinary support, which is factored into foreign currency issuer ratings, will be made available for senior financial obligations than for subordinated obligations. Consequently, from CBK BSR of 'bbb+' CI has deducted one notch for contractual subordination. There is no additional deduction for impairment risk since CI believes that the bond are unlikely to take losses before the Bank has reached the point of non-viability (PONV).</p>

The Bank's investment securities portfolio is small, and a large majority of the portfolio comprises debt securities, nearly all of which are quoted. Apart from government bonds (Kuwait, KSA, Qatar and the UAE), nearly all other bonds are in generally high-rated bank paper, particularly banks in the UAE, Kuwait and Qatar.

The funding base and liquidity are viewed as satisfactory. The customer deposit base, including deposits from other financial institutions (OFIs), is sizeable and forms a comfortable proportion of liabilities and capital. The Bank's liquid assets position is good. A positive on the funding side was the growth in customer deposits in 2022 following two years of decline.

Rating Dynamics: Upside Scenario

The likelihood for an upward revision in the issue rating or the outlook is low and in line with the expectation for the Bank's BSR. An increase in the BSR and hence issue rating could occur if concentration characteristics in the loan and deposit books were reduced, the franchise was strengthened, and provided the financial profile and metrics were at least maintained.

Rating Dynamics: Downside Scenario

Downward pressure on the issue rating or outlook would follow that of the Bank's BSR. A downgrade of the issue rating is possible in the event of a significant deterioration of CBK standalone risk profile connected to the Bank's financial metrics, but with an emphasis on asset quality and liquidity. If the operating environment was to deteriorate, the OPERA might come under pressure; should it be reduced, the issue rating could fall. A downward change to the issue rating could also arise following any clarification on the Central Bank of Kuwait stance as to the point at which bond write-off would be triggered should this indicate that it would be earlier than the PONV of the Bank itself.