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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



Annex (8)

Disclosure of Credit Rating Form

Date	21 September 2023
Name of Listed Company	Commercial Bank of Kuwait (K.P.S.C)
Entity who issues the rating	Fitch Ratings
Rating category	<p>Foreign Currency:</p> <ul style="list-style-type: none"> - Long-Term IDR: A - Short-Term IDR: F1 - Long-Term IDR (xgs): BB+ - Short-Term IDR (xgs): B - Viability Rating: bb+ - Government Support Rating: a <p>Sovereign Risk to State of Kuwait:</p> <ul style="list-style-type: none"> - Long-Term Foreign-Currency IDR: AA- - Long-Term Local-Currency IDR: AA- - Country Ceiling: AA+
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. - Long-Term IDR (xgs): BB+ For non-subsiary banks with a Viability Rating (VR), the LTIDR(xgs) is assigned at the level of the VR. - Short-Term IDR (xgs): B

	<p>In the case of non-subsiary banks and subsidiary banks where ex-government support ratings are driven by VRs, Short-Term IDRs (xgs) reflect the banks' funding and liquidity factor scores.</p> <ul style="list-style-type: none"> - 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.
<p>Rating effect on the status of the company</p>	<p>The VR factors reflects moderate franchise, high concentrations, stable asset quality, improving profitability, high capital ratios, and sound funding and liquidity of Commercial Bank of Kuwait.</p>
<p>Outlook</p>	<p>Stable</p>
<p>Translation of the press release or executive summary</p>	<p>Stable Asset Quality: CBK had no impaired (Stage 3) loans at end-1H23 as it writes off loans as soon as they become impaired, while swiftly initiating recovery efforts. Impaired loan generation (including write-offs) has remained at record lows since 2021 (0.6% of average gross loans in 1H23; annualised). The Stage 2 loans ratio has declined but remains high at 14.9% of gross loans end-1H23 (end-2022: 15.7%). Fitch expects the bank's asset quality metrics to be stable in 2023-2024 with low impaired loan generation and a slight reduction in Stage 2 loans.</p> <p>Improving Profitability: Higher interest rates and margins have supported operating income, which increased by 27% in 1H23. Operating profit reached 3.8% of risk-weighted assets (RWAs) in 1H23 (annualised; 1H22: 2.6%) due to impairment recoveries (27% of pre-impairment operating profit) and a lower cost-to-income ratio of 31% (1H22: 35%). Fitch expects profitability to improve in 2023-2024 on high interest rates and low impairment charges.</p>

High Capital Ratios Despite Decline:

CBK's CET1 capital ratio is high but declined to 14.9% at end-1H23 (end-2022: 16.6%; regulatory minimum: 9.5%) due to interim cash dividends, treasury share purchases, exclusion of interim profits as per regulatory guidelines and 3% RWAs growth. High concentration remains a risk. Fitch expects the bank to maintain a CET1 ratio of about 16% at end-2023, backed by improving profitability and low loan growth.

Sound Funding & Liquidity:

CBK is mostly funded by customer deposits (74% of non-equity funding at end-1H23) but its reliance on wholesale funding results in high deposit concentration. The bank's liquidity coverage ratio (302%) and net stable funding ratio (113%) at end-1H23 underpin its sound funding and liquidity.