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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 عن البنك التجاري الكويتي. Kindly find attached the Annex No. (8) Disclosure of Credit Rating Form covering the credit rating report issued by Capital Intelligence about Commercial Bank of Kuwait.

وفي هذا الشأن، نود أن ننوه إلى أن كابيتال إنتليجنس قامت بتثبيت التصنيفات الائتمانية للبنك، مع نظرة مستقبلية مستقرة. In this regard, we would like to inform that Capital Intelligence has confirmed the Bank's credit ratings with stable outlook.

Best regards,

مع أطيب التمنيات،

تميم الميعان  
مدير عام الالتزام والحوكمة

Tamim Al-Mean  
GM – Compliance & Corporate Governance



Disclosure of Credit Rating Form

<b>Date</b>	19 June 2022
<b>Name of Listed Company</b>	Commercial Bank of Kuwait (K.P.S.C)
<b>Entity who issues the rating</b>	Capital Intelligence
<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>	<p>Capital Intelligence applies special methodology when rating banks, the same can be found on the agency website.</p> <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>	The ratings reflect the Bank’s financial credit strengths of excellent asset quality together with a substantial buffer including a high level of provisions, strong capitalisation, good net profitability as well as large stock of liquid assets.
<b>Out Look</b>	<p>Stable. The Stable Outlook indicates that the ratings are unlikely to be altered in the next 12 months. The Bank’s FCRs are at the same level as the sovereign’s ratings, also with a Stable Outlook.</p>
<b>Translation of the press release or executive summary</b>	<p><b>Capital Intelligence Ratings (CI Ratings or CI)</b> announced that it has affirmed the Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) of Commercial Bank of Kuwait (CBK) at ‘A+’ and ‘A1’, respectively. At the same time, CI Ratings has affirmed both the Bank’s Bank Standalone Rating (BSR) and Core Financial Strength (CFS) rating at ‘bbb+’. The Outlook for the LT FCR and BSR is Stable.</p> <p>The Bank is very prudent in its provisioning policy (and particularly aggressive in write-offs), with an extremely high level of general provisions in place. For the fourth year in a row, CBK had nil NPLs at end-2021, preferring to write-off the small level of arising bad debt during the year. Despite nil NPLs at end-2021, CBK’s general provisions represented a high 7.4% of gross loans at the yearend. Taking into account the Bank’s regulatory Tier 1 capital, together with its general provisions, it would have very strong extended coverage were there to be any NPLs in the future.</p> <p>Net profit was very good in Q1 22 at KWD 22.2mn against nil in Q1 21. In Q1 22, the Bank had net reversal of impairment and other provisions of KWD 3.3mn against an impairment charge of KWD 21.6mn in Q1 21. Operating income was KWD 30mn in Q1 22 against KWD 31mn in Q1 21, with the small decline due to a slight fall in net interest income.</p> <p>Capital Intelligence expects CBK to maintain very good loan asset quality. Q1 22 loan details show that the Bank had virtually no Stage 3 loans (amount was just KWD 3k). Stage 2 loans however comprised a high 15.2% of gross loans, although lower than the 16.3% at end-2021. CBK maintained very strong buffers in place.</p> <p>Balance sheet and loan growth has been low for some time, underlining the risk-averse nature of the Bank. Although this caution is commendable, CBK may in the future need to start accelerating growth in order to build its position domestically and help drive earnings going forward. CBK is very much focused on the Kuwaiti market with few activities outside its home market.</p>