



Date: 11 June 2020

To : Boursa Kuwait Company

Dear sir,

Subject: Commentary on News

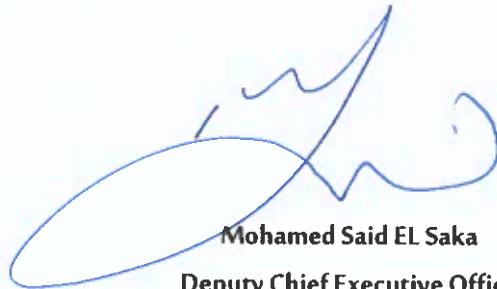
Pursuant to the provisions of Chapter (4) of "Disclosure & Transparency" Book of the Executive Regulations of Law No. 7 of 2010, and the amendments thereto issued by Capital Markets Authority on 09 November 2015 concerning dealing with rumors and news, and as a commentary on the articles published in certain daily newspapers concerning "Kuwait Banking Association's Announcement of No Cash Dividends to Banks' Shareholders in 2020".

Also, further to Boursa Kuwait Company's email received on 10 June 2020, we would like to advise in this respect that in light of the regulatory measures package issued by the Central Bank of Kuwait (CBK) to encounter the repercussions of Coronavirus, particularly mitigating the regulatory requirements of capital adequacy ratio and liquidity ratios, where CBK has made adjustments to Capital Adequacy Ratio "CAR" (Basel III) to allow banks to release the 2.5% Capital Conservation Buffer, the matter which lead to decreasing the requirements of the minimum capital adequacy ratio by the same percentage. Furthermore, CBK has also mitigated the requirements of liquidity ratios, such as reducing the thresholds of both Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Therefore, in case our bank utilizes the aforementioned regulatory measures package issued by CBK in light of Basel III Committee's directives, particularly using the released capital conservation buffer of the capital adequacy ratio as well as the mitigated liquidity ratios, then it might result in not distributing cash dividends as per Basel III Committee's Standards

In addition, KIB stresses that the decision to distribute cash dividends or bonus shares for 2020 shall be made by end of the financial year, based on the bank's final financial statements results, and based also on how far our bank utilizes the regulatory decisions concerning capital adequacy ratio and liquidity ratios, and in light of the recommendations of the Board of Directors to the General Assembly in this regard, following obtaining the required approvals from CBK and the bank's General Assembly.

Best regards,



Mohamed Said EL Saka
Deputy Chief Executive Office