

Kuwait on: June 11th 2020

To: Mr. Mohammad Saud Al-Osaimi
CEO - Boursa Kuwait
State of Kuwait

Dear Sir,

Subject: Commenting on Published News


As per the provisions of Chapter IV of the “Disclosure & Transparency” Module of the Executive Bylaws of the Capital Markets Authority’s Law no. (7) of 2010, and the amendments thereof issued by the CMA on November 9th 2015 with regard to “**Dealing with Rumors & News**”, we hereby comment on the news published in some daily newspapers on “**Kuwait Banking Association’s announcement of the non-distribution of cash dividends to banks’ shareholders for the year 2020.**”

Moreover, in response to the email we have received from Boursa Kuwait on June 10th 2020, we would like to state that in light of the regulatory measures’ package of the Central Bank of Kuwait to combat the repercussions of Covid-19, particularly lowering the Capital Adequacy Ratio “CAR” & the Liquidity Ratios’ regulatory requirements, CBK has introduced some amendments to the Capital Adequacy Ratio “Basel III” by allowing banks to release the Capital Conservation Buffer amounting to 2.5%, thereby lowering the minimum requirements of the Capital Adequacy Ratio by the same percentage. CBK has also reduced liquidity ratios, e.g., lowering the minimum required Liquidity Coverage Ratio “LCR” and the minimum required Net Stable Funding Ratio “NSFR”.

Accordingly, should our bank benefit from the said regulatory resolutions’ package issued by the Central Bank of Kuwait in light of the directions of the Basel Committee, particularly using the released part of Capital Conservation Buffer of the lowered CAR & LCR, the non-distribution of cash dividends would be mandatory in compliance with the criteria issued by the Basel Committee, because the distribution of cash dividends would reduce the CAR, and would negatively impact the liquidity position of our bank.

Our bank would like to confirm that the decision to distribute dividends (cash dividends or bonus shares) for 2020 is made following the end of the financial year and in light of the results of the year-end financial statements of our bank, and depends on the extent to which our bank benefits from the regulatory resolutions on lowering CAR & liquidity ratios as per the recommendations made by the board of directors to our general assembly meeting in that regard, and after obtaining the necessary approvals from the Central Bank of Kuwait and our bank's general assembly.

Best regards,



Abdullah Al Najran Al Tuwajri
Deputy Chief Executive Officer

