

**Boursa Kuwait
State of Kuwait**

Dear Sirs,

**Subject: Comment on the news posted on KUNA website and published in
some of the local newspapers**

This is made pursuant to the provisions of Module 10, Chapter 4 of Resolution No. 72 of 2015, on the amended Executive Bylaw to Law No. 7 of 2010 (establishing the Capital Markets Authority and regulating Securities Activity), relating to disclosure of Material Information and the Mechanism of Notification. This is to comment on the news posted on KUNA website and published in some of the local newspapers regarding the announcement made by Kuwait Banking Association that no cash dividends will be distributed to banks' shareholders for the year 2020.

Further to the email received from Boursa Kuwait on 10/6/2020, we would like to advise you that in line with the regulatory measures taken by the Central Bank of Kuwait (CBK) to face Covid-19 impact, particularly the reduced regulatory requirements on Capital Adequacy Ratio (CAR) and the liquidity regulatory ratios having introduced amendments to the Basel III-CAR, allowing banks to release their Capital Conservation Buffer of 2.5%, this has reduced the minimum requirements for CAR in the same percentage. Moreover, CBK has eased the liquidity regulatory ratios such as the minimum limit for Liquidity Coverage Ratio (LCR) and the minimum limit for Net Stable Funding Ratio (NSFR).

Therefore, in the event where our bank benefits from the above-mentioned regulatory resolution package issued by CBK under Basel Committee directives, mainly utilizing the released capital conservation buffer under Capital Adequacy Ratio and the laxed liquidity ratios, then the non-distribution of the cash dividends shall become compulsory in compliance with Basel Committee's standards because distributing cash dividends would reduce the CAR and may negatively impact the bank's liquidity position.

Moreover, Gulf Bank would like to confirm that the decision to distribute dividends (cash or bonus shares) for the year 2020, or not, shall be taken after the financial year ends, based on the results of the bank's closing financial statements and the extent to which our bank has benefited from the regulatory resolutions on reduced CAR and liquidity ratios in light of the recommendations made by the Board of Directors to the General Assembly in this concern, and after obtaining the necessary approvals from both CBK and the General Assembly of our bank.

Best regards

Jihad Khodr 
Assistant General Manager
Head of Compliance & Disclosure Unit