

TRANSLATION

CBK Corporate Governance Manual

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1. Introduction

Within the requirements of Corporate Governance principles under the international standards issued by Basel Committee on Banking Supervision and the instructions issued by the Central Bank of Kuwait in this regard, Commercial Bank of Kuwait has laid down prudent Corporate Governance framework and systems taking into account all the instructions issued by the Central Bank of Kuwait over the previous years. These rules and systems are a key factor in enhancing the Corporate Governance standards at the Bank.

The Bank continues to enhance its policies and procedures in Corporate Governance with a view to effectively apply the standards and instructions pertaining to Corporate Governance rules & systems and safeguard the Bank, its rights and the rights of its shareholders, creditors, staff members and stakeholders. Additionally, the Bank adopts the utmost degrees of transparency while disclosing all material and significant information relevant to the Bank. Furthermore, the Bank has taken the required procedures to develop the existing systems, regulations and policies applicable at the Bank in compliance with the Central Bank of Kuwait's requirements.

2. Corporate Governance's General Principles

Corporate Governance has become a mountain concern for economic organizations in various countries on the back of the financial crisis that hit huge shareholding companies and shook confidence in the sound management of such companies, as well as in the integrity of their published financial results and the realities of the stock prices of these shareholding companies at global stock markets and the resultant negative implications. The global financial crisis of 2008 emphasized the importance of corporate governance as the crisis revealed that poor corporate governance whether in banking business or any other business activities undertaken by other companies have been among other factors that contributed in the outbreak of the global financial and economic crisis.

Corporate governance at banks is of significant importance due to the major risks and implications arising from unsound practices in the banking activities given the role that banks play in economy and the deeply rooted relationship between banks and the society in general whether depositors, borrowers, shareholders and employees in view of the nature and importance of products and services offered by banks to the national economy. Therefore, sound corporate governance practices at banks are essential for each bank and for the financial system. As such, effective governance is an essential pillar for financial stability.

With a view to keep pace with international banking supervision systems aiming at improving corporate governance standards in banks, Central Bank of Kuwait issued new instructions on 20/6/2012 regarding “Rules & Standards of Corporate Governance in Kuwaiti Banks” to replace the instructions issued in April 2004. The new instructions constitute an update of the said corporate governance rules, taking into account the new corporate governance rules issued by the concerned international institutions in this regard and the lessons learnt from the latest global financial crisis. The said instructions included a set of basic pillars pertaining to banks’ corporate governance principles including 9 pillars as follows:

1. Role and responsibilities of the Board of Directors and the issues related to the Board Members.
2. Corporate Values, Conflict of Interests and Group Structure.
3. Executive Management.
4. Risk Management and Internal Controls.
5. Remunerations’ Policies & Systems.
6. Disclosure & Transparency.
7. Complex Corporate Structures.
8. Protection of Shareholders’ Rights
9. Protection of Stakeholders’ Rights

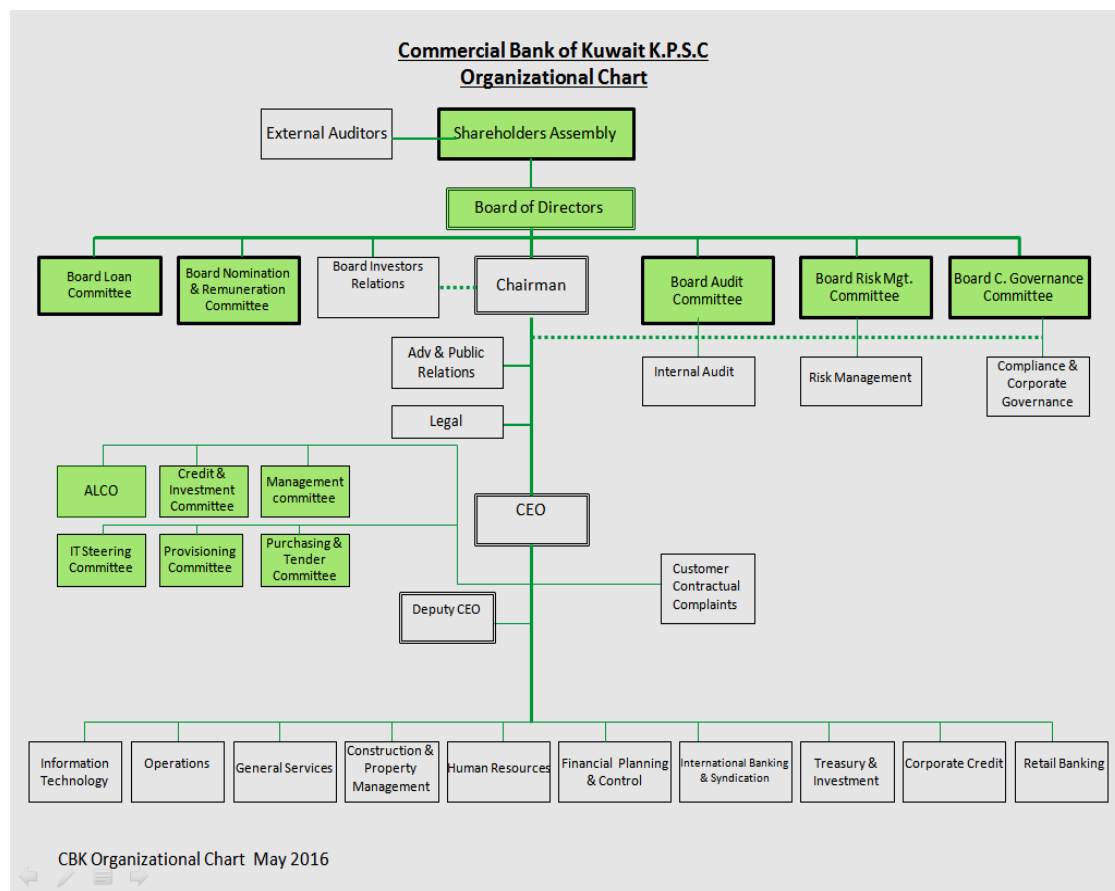
Effective corporate governance practices are essential for achieving and maintaining public trust and confidence in the banking system, which are critical to the proper functioning of the banking sector and economy as a whole. Poor corporate governance can contribute to bank failures, which can in turn pose significant costs on the country and consequences of broader macroeconomic implications particularly in

case of an operational crisis with impact on payment and settlement systems. Sound corporate governance practices involve the allocation of authority and responsibilities, i.e. the methodology in which the business and affairs of a bank are governed by its board and Executive Management, including how they:

- Set the bank's strategy and objectives;
- Identify the bank's risk tolerance/appetite;
- Operate the bank's business on a day-to-day basis;
- Protect the interests of depositors, meet shareholders obligations, and take into account the interests of other related stakeholders;
- Operate the bank in a safe and sound manner, with integrity and in compliance with applicable laws and instructions; and
- Manage the bank, taking into account not to expose the banking sector to any system crisis.

3. The Bank's Organizational Chart

Commercial Bank of Kuwait endeavored to establish an organizational chart for the Bank in compliance with Corporate Governance instructions issued by Central Bank of Kuwait. This organizational chart includes all forms of the supervision as entrusted and required by the Board of Directors, the Board Committees and Executive Management, clarifies that there exists an independent Risk Management Division, and enhances direct supervision on the Bank's business activities along with activating the role & functions of Internal Audit Department and Compliance Department. Presented below is the Bank's organizational chart.



4. Board of Directors

The Board of Directors manages the Bank affairs and is deemed the primary authority in charge of the results arising from implementation of the strategies and policies relevant to the Bank's diverse activities. The Board of Directors has the widest powers to manage the Bank and to carry out all actions necessary for the Bank management in accordance with the Bank's objectives. These powers are restricted only by the provisions of the law, the General Assembly resolutions, regulatory authorities' instructions and the Bank's Articles of Association. As such, the Board of Directors' responsibility includes safeguarding the rights of shareholders, depositors and creditors, staff members and all other parties that have interests with the Bank. All these powers and responsibilities should be governed by prudent and precise strategies, policies and procedures which are implemented in the required professional manner for achieving the Bank's objectives and ensuring its continued financial stability.

The Chairman of the Board of Directors is the Chairman of the Bank and represents the Bank towards third parties and his signature is considered the signature of the Board of Directors in the Bank's relations with third parties. The Chairman shall implement the Board of Directors' resolutions and be bound by its directives. The Vice Chairman takes the place of the Chairman during his absence or in case of any impediment that may prevent the Chairman from exercising his powers and functions. The Board of Directors shall take on the following responsibilities:

1. Assume ultimate responsibility for the Bank's business and its financial soundness, fulfillment of Central bank of Kuwait requirements, protecting the legitimate interests of shareholders, depositors, creditors, staff and stakeholders and ensuring that the Bank is managed in a prudent manner and within the applicable laws and instructions and the in-house policies and bylaws.
2. Lay down the objectives of the Bank's strategy, oversee its Executive Management which is responsible for the day-to-day operations, approve the internal control systems and ensure effectiveness thereof and adherence by the Bank to the instructions issued in this regard and ensuring that all risks are properly managed.
3. Strengthen the principle of Board of Directors' independence and emphasize the importance of commitment of each Board Member to carry out his/her role towards the Bank and all shareholders.
4. Ensure that written policies covering all of the banking functions are available and communicated to all departments and regularly reviewed to reflect any amendment or changes to laws, instructions and economic conditions as well as any other bank related matters.
5. Appoint a Chief Executive Officer "CEO" for the Bank, who should have technical and banking experience and competency as well as integrity or certain executive managers such as Chief Financial Officer, Chief Internal Auditor and Head of Risk Management Division; it should be ensured that they possess the qualifications and expertise relevant to the nature of their functions.

6. Provide oversight on Executive Management to ensure they carry out their assigned roles in line with the bank's objectives and targets, and that the policies approved by the Board of Directors are applied.
7. Set the plans relating to preparation of the technical cadres for the bank's executive positions that may become vacant. Such succession plans should include statement of qualifications and requirements candidates should fulfill to occupy such vacant positions.

5. Brief Biography on the Board Members

The Board of Directors is composed of 10 Members. Presented below is a synopsis on the Bank's Board Members:

Mr. Ali Mousa Al Mousa – Chairman

Mr. Ali Mousa is a Kuwaiti national holding bachelor degree in Management 1970 /American University of Beirut. Mr. Ali Mousa possesses long experience and has occupied many positions in the public & private sectors salient of which are the following:

- Assistant Under-Secretary, Planning Affairs, Ministry of Planning during the period from 1976 to 1982.
- Participated in setting up the Central Internal Audit Function in Kuwait Petroleum Corporation in 1984 and managed the same during the period from 1984 to 1992.
- Deputy Governor of the Central Bank of Kuwait during the period from 1992 to 1998.
- State Minister of Planning & Administrative Development during the period from 1998 to 1999.

In addition, Mr. Al Mousa was a Member in councils, board of directors and committees such as the Supreme Planning Council, Kuwait Petroleum Corporation's Board of Directors, College of Commerce, Economy and Political Sciences Council (Kuwait University), Industry Development Committee and Supreme Education Council, Center of Gulf and Arabian Peninsula Studies (Kuwait University), etc. In addition to this, he had significant contributions in several economic and social development action-oriented committees, councils and forums.

Mr. Ali Mousa was a chairman of the board and member in the board of directors in a number of companies such as:

- Kuwait Investment Company.
- Chairman, Kuwait International Fair Company.
- Morocco Economic Development Bank (Morocco).
- Arab Bank of Greece (Greece).
- Kuwait Oil Tanker Company.
- Education Institutions & Private Training Establishment.
- Chairman and Managing Director, Securities Group Company.
- International Investor Company.
- Industrial Bank of Kuwait.
- Venture Capital Bank (Bahrain).
- Venture Capital Investment Company (Saudi Arabia).
- Commercial Real Estate Company.

Mr. Ali Mousa holds the position of the Bank's Chairman since 29/4/2012 and he is the Chairman of the Board Loans Committee.

Sheikh - Ahmad Duaij Al Sabah - Vice Chairman

Sheikh Ahmad is of Kuwaiti nationality holding bachelor of Economy and Finance May 2000 / Bentley University, USA and Master in Management January 2008 / from Kuwait Maastricht Business School. Sheikh / Ahmad held the following positions during his tenure.

- Financial analyst in Kuwait Petroleum Corporation during the period from 2001 to 2003.
- Credit analyst in Commercial Bank of Kuwait during the period from 2005 to 2010.
- Investment Manager in Tijari Investment Company during the period from 2010 to 2012.

In addition to being a Member in the Bank's Board of Directors since 29/4/2012, he is the Chairman of Board Corporate Governance Committee and is also a Member in the Board Loans Committee. Sheikh / Ahmad Al Sabah is also the Chairman of Al-Tijari Financial Brokerage Company.

Mr. Abdulrazzaq Abdulqader Al Kandari

Mr. Abdulrazzaq is a Kuwaiti national holding bachelor of Political Sciences 1966 / Cairo University. Mr. Abdulrazzaq possesses long experience in political and diplomatic field where he was the Ambassador of Kuwait in many countries such as:

- Syria during the period from 1981 to 1985.
- Egypt during the period from 1985 to 1992.
- Spain during the period from 1992 to 1995.
- Lebanon during the period from 1995 to 1998.
- United Arab Emirates during the period from 2004 to 2006.
- Switzerland during the period from 2006 to 2008.

Furthermore, Mr. Abdulrazzaq was a Board Member in Beirut Tower Company (Lebanese Co.) during the period from 2004 to 2007.

Mr. Abdulrazzaq is a Member in the Bank's Board of Directors since 29/4/2012 and he was the Bank's Deputy Chairman during the period from 29/4/2012 to 4/4/2015. Mr. Abdulrazzaq is now the Chairman of the Board Nomination & Remuneration Committee and is also a Member in the Board Loans Committee.

Mr. Abdulrahman Abdullah Al Ali

Mr. Abdulrahman is a Kuwaiti national holding bachelor of Mechanical Engineering 1975 / University of Wisconsin, USA and Master in Business Administration/ Finance & Investment 1979/ Wisconsin University, USA and he also held PHD in Business Administration / finance 2006 / American University, London.

Mr. Abdulrahman is an experienced board member offering 30 years of experience in investment and projects financing mostly acquired during his work at Gulf Investment Corporation, where he held the position of Senior Deputy Chairman, besides being a Board Member in Industrial Bank of Kuwait during the period from 2010 until 2011.

He is now a Board Member in other shareholding companies in addition to running some private commercial business.

Besides being a Member in the Bank's Board of Directors since 29/4/2012, he is the Chairman of the Board Risk Management Committee and is also a Member in the Board Corporate Governance Committee.

Mr. Bader Sulaiman Al Ahmad

Mr. Bader is of Kuwaiti nationality holding a bachelor of Accounting 1980 / Kuwait University and a Master in Business Administration 1983 / USA. Mr. Bader is an experienced board member and has occupied diverse positions including the following:

- Accounting Controller / Civil Service Commission (1983 – 1985).
- Member of the Saudi Organization for Certified Public Accountants in Saudi Arabia (Riyadh) No. 212 on 14/9/1407H.
- Analyst of Companies' balance sheets / Kuwait Stock Exchange (1985 – 1986).
- Deputy Manager, Catering Department / Kuwait Aviation Service Company (1986 – 2002).
- General Manager United Poultry Company (2007 – 2008).
- Manager, Safeway General Trading & Contracting Company since 1989 to date.
- Deputy Chairman of Commercial Bank of Kuwait during the period from 7/4/2010 until 11/5/2010.
- Chairman of Commercial Bank of Kuwait during the period from 11/5/2010 until 23/3/2011.
- Board Member during the period from 23/3/2011 until 29/4/2012.

In addition to his responsibilities as a Member in the Bank's Board of Directors since 25/6/2013, Mr. Bader is the Chairman of the Board Audit Committee and is also a Member in the Board Nomination & Remuneration Committee in addition to his membership in Securities Group Company's Board of Directors since year 2000 to date.

Retired Major General Dr. Arshid Abdulhadi Al Hour

Dr. Arshid is a Kuwaiti national holding bachelor of Law & Legislation from Kuwait University in 1986 and high diploma in Administrative Law 1993 -1994 from the Police Academy - Egypt and he also held Master in Administrative law 1996 / Cairo University - Egypt and a PHD in law (public law – Administrative law) 2001 / Ain Shams University - Egypt. Dr. Arshid experience extends to several years during which he occupied a number of positions including the following:

- Manager, Legal Department – National Guard (1994 – 2007).
- Advisor to His Highness Head of Kuwait National Guard (2007 – 2008).

- Dr. Arshid was also a Board Member in Tijari Investment Company- CBK Capital from 2010 – 2013. In addition, he was seconded for training in Kuwait University – College of Law during the period from 2012 – 2013.

Besides being a Member in the Bank's Board of Directors since 6/7/2013, he is a Member in both the Board Audit Committee and the Board Nomination & Remuneration Committee and is also the Deputy Chairman of Yiac Medical Company.

Mr. Musaed Nouri Al Saleh

Mr. Musaed is of Kuwaiti nationality holding a bachelor of business administration / Suffolk University, USA. He also obtained fellowship of Harvard University, (Weatherhead Center for International Affairs). Mr. Musaed worked in a number of companies and institutions where he acquired 17- year experience in diverse areas such as investment, real estates and advisory services and management of companies & banks.

- He is now the Deputy CEO in MASS United Trading & Contracting Company.
- Former Deputy Chairman and the CEO - National Projects Holding Company.
- Honored by World Economic Forum (Davos) being one of the young global leaders.
- Member in Young Presidents' Organization over the past ten years.
- Former Board Member in Kuwait Society for the Handicapped.
- Banking experience obtained from working with a number of banks such as Banque Baring Brothers and First International Merchant Bank.

In addition to being a Board Member in Commercial Bank of Kuwait since 30/9/2014, Mr. Musaed Al Saleh is a Member in both the Board Loans Committee and the Board Risk Management Committee.

Mr. Hazem Meshari Al Khaled

Mr. Hazem is a Kuwaiti national holding Bachelor of Science in Business Administration 1996 - American University, Washington, D.C. in addition to advanced training courses in accounting, credit and financial analysis.

Mr. Hazem possesses an excellent professional experience in management area at the level of board of directors as well as, executive management which was acquired during his tenure in the following institutions:

- General Manager in Al-Khaled Aluminum Company (2000 to 2005).
- Board Member in Kuwait Dairy Company (from 2005 to date).
- The CEO – Al-Khaled Companies Group (from 2005 to date).
- Board Member – Real Estate Financing Company (Al-Tashilat) during the period from 2008 to date.

In addition to being a Member in the Bank's Board of Directors since 12/5/2015, he is a Member in both the Board Audit Committee and the Board Corporate Governance Committee.

Ms. Rasha Yousef Al Awadhi

Ms. Rasha is of Kuwaiti nationality holding a Bachelor of Accounting & Auditing 1992 / Kuwait University. Ms. Rasha also obtained recognized professional certification such as Certified Auditor, Certified Stock Trader, Arbitrator, Certified International Investment Analyst and Certified Accountant. She is a member in Kuwait Association of Accountants & Auditors and is also an executive in T-MAS International Consulting Company. Apart from her higher academic qualifications & credentials, Ms. Rasha possesses long experience in investment field where she has occupied diverse positions including the following:

- Senior Vice Chairman – Housing Finance Company (ISKAN) since 2006 to date.
- Deputy Head – Operations / Global Investment House (2000 to 2006).
- Assistant Deputy Head - Operations / Global Investment House (1998 to 1999).
- Senior Officer in Kuwait Investment Company (1997 to 1998).
- Investment Officer in Kuwait Foreign Trading Contracting and Investment Company (KFTCIC) (1992 to 1996).

In addition to the above, Ms. Rasha is currently holding the following positions:

- Board Member in Iskan Oman Investment Company and Head – Audit Committee in the Company.
- Board Member in First Bahrain Real Estate Development Company and a Member in both the Executive Committee and Audit Committee in the Company.
- Member in Investment Committee of Housing Finance Company.

Ms. Rasha is a Member in the Bank's Board of Directors since 4/4/2015 and is also a Member in both the Board Corporate Governance Committee and the Board Audit Committee.

Ms. Mona Mousa Al Sarraf

Mr. Mona is a Kuwaiti national holding a Bachelor of Arts, English Major 1987 / Kuwait University. She possesses long experience in banking and financial business in Kuwait where she held the following positions:

- Advisor, Private Banking Department – Kuwait International Bank (May - September 2011).
- Head, Private Banking and Assistant General Manager – Private Banking Group / Burgan Bank (1998 - 2010).

- Manager, Customer Services – Kuwait Foreign Trading Contracting and Investment Company (KFTCIC) (1993 – 1995).
- Manager, Operations - Banking Services Section / Al Ahli Bank of Kuwait (1987 – 1992).

In addition to being a Board Member in Commercial Bank of Kuwait since 4/4/2015, Ms. Mona is a Member in both the Board Risk Management Committee and the Board Loans Committee.

6. Functions & Responsibilities of Board Committees and their Composition

Board Corporate Governance Committee:

- Sheikh / Ahmad Duaij Al Sabah – Chairman, BCGC
- Mr. Abdulrahman Abdullah Al Ali
- Ms. Rasha Yousef Al Awadhi
- Mr. Hazem Meshari Al Khaled

The most important functions of BCGC are as follows:

1. Prepare and update comprehensive Corporate Governance Manual to be approved by the Board of Directors and posted on the Bank's homepage on the internet. The manual shall include, as a minimum, the Central Bank of Kuwait's rules and instructions on Corporate Governance.
2. Verify the extent to which the Bank is in compliance with the rules and controls contained in the Corporate Governance Manual by conducting an annual assessment of such rules & controls and reporting the same to the Board of Directors.
3. Propose any amendment to be introduced to the Bank's Articles of Association.
4. Identify the role and responsibilities of both the Chairman and the CEO with due observation of the segregation between and independence of both positions.
5. Propose the policies that ensure integration of Corporate Governance rules such as code of conduct, the insider trading policy, transactions with related parties, conflict of interests, confidentiality of the Bank's information & security of the same, disclosure & transparency and safeguarding shareholders' & stakeholders' rights.

Board Risk Management Committee:

- Mr. Abdulrahman Abdullah Al Ali – Chairman, BRMC
- Mr. Musaed Nouri Al Saleh
- Ms. Mona Mousa Al Sarraf

The most important functions of MRMC are presented below:

1. Review the Bank's present and future risk appetite and strategy, develop effective systems and stringent & comprehensive procedures for risk management and provide advice to the Board of Directors in this respect.
2. Review the Bank's risk management policies before submission to the Board of Directors for approval.
3. Oversee the Executive Management's implementation of the risk management strategy and policy.
4. Review risk reports related to subsidiary & associated companies and take the necessary action in relation to such reports and review the policies associated with such risks prior to presenting the same to the Board of Directors.
5. Review credit risk metrics and related assessment process prior to presenting the same to the Board of Directors for approval.

6. Review regular & periodic risk reports submitted by Risk Management Division on the Bank's exposures and its adherence to the prescribed various risk limits, capital adequacy calculations, economic capital assessment and stress testing results.

Board Audit Committee:

- Mr. Bader Sulaiman Al Ahmad – Chairman, BAC
- Dr. Arshid Abdulhadi Al Hour
- Ms. Rasha Yousef Al Awadhi
- Mr. Hazem Meshari Al Khaled

The most important functions of BAC are presented below:

1. Review the scope, outcomes and the sufficiency of internal & external audit functions within the Bank.
2. Review accounting issues that may have a significant impact on the Bank's financial statements.
3. Review the Bank's internal control systems and ensure that human and other resources dedicated to handle jobs related to regulatory issues are adequate and sufficient.
4. Oversee and support independence of Internal Audit function.
5. Review the Bank's financial statements before presenting the same to the Board of Directors and ensure adequacy of provisions.
6. Verify the extent of the Bank's compliance with the laws, resolutions and regulatory instructions pertinent to the Bank's business and which are issued by the competent authorities in the country. This shall include and may not be limited to Commercial Companies Law, Law No. 32/1968 concerning Currency, Central Bank of Kuwait & Organization of Banking Business, the Central Bank of Kuwait's regulatory instructions, Capital Markets Authority Law and resolutions and Kuwait Stock Exchange's resolutions.

Board Nomination & Remuneration Committee:

- Mr. Abdulrazzaq Abdulqader Al Kandari – Chairman, BNRC
- Mr. Bader Sulaiman Al Ahmad
- Dr. Arshid Abdulhadi Al Hour

The most important functions of BNRC are presented below:

1. Raise recommendations to the Board of Directors regarding the nomination for board membership pursuant to the Central Bank of Kuwait's rules and instructions issued in this regard.
2. Conduct an annual review on the required skills for board membership and prepare a description of the required credentials, competencies & knowledge that should be possessed by the Board Member.
3. Conduct an annual assessment of the Board of Directors' overall performance and performance of each individual Board Member.

4. Ensure that the Board Members are always cognizant of the up-to-date issues related to banking business through the proper means.
5. Review the Bank's remuneration policy before presentation to the Board of Directors and oversee its implementation and propose amendments to be made thereto if necessary and assess on regular and periodic basis the sufficiency and effectiveness of the remuneration policy in achieving its objectives.
6. Ensure that the Bank's Executive Management has put in place solid procedures as well as an effective supervisory mechanism to guarantee full compliance with the Central Bank of Kuwait's instructions and the Board of Directors' decisions on remunerations.
7. Ensure that remuneration policy and related practices at the Bank and its subsidiaries are consistent with Corporate Governance rules as per the Central Bank of Kuwait's instructions.

Board Loan Committee:

- Mr. Ali Mousa Al Mousa – Chairman, BLC
- Sheikh / Ahmad Duaij Al Sabah
- Mr. Abdulrazzaq Abdulqader Al Kandari
- Mr. Musaed Nouri Al Saleh
- Ms. Mona Mousa Al Sarraf

The most important functions of BLC are presented below:

1. Review and amend the credit policy.
2. Review, amend and approve country credit limits and the prescribed counter parties' limits for banks
3. Review, amend and approve the foreign exchange limits (FX Limits).
4. Review, amend and approve to extend, renew and reschedule the credit facilities.
5. Give the other approvals pertaining to credit facilities as per the credit policy applicable in the Bank.

All the above functions shall be governed by the applicable legislations and the relevant Central Bank of Kuwait's instructions.

7. Executive Management

Under the supervision of the Board of Directors, senior Executive Management should ensure that the bank's activities are consistent with the business strategy, risk appetite and Board-approved policies.

1. Senior Executive Management consists of Board-appointed group of individuals responsible for managing the bank's day-to-day operations. Such group is comprised of the CEO, as well as CEO's deputies and assistants. They should have the necessary education, experience, competencies and integrity to manage the bank's businesses.
2. Executive Management contributes substantially to the Bank's sound corporate governance.
3. Executive Management is responsible for delegating duties to the staff and should establish a management structure that promotes accountability and transparency.
4. Executive Management should set, consistent with the direction given by the Board of Directors, appropriate systems to manage financial and non-financial risks to which the bank is exposed. It should also set effective internal control systems; carry out the Bank's activities in line with its business strategy, permissible risks and policies approved by the Board; and participating in preparing proposals on the Bank's business strategy and annual budget.
5. Executive Management should practice the activity pursuant to the standards of professional behavior.
6. Executive Management is responsible for preparing financial statements pursuant to the International Financial Reporting Standards (IFRS) as well as other approved standards including those issued by the Central Bank of Kuwait in this respect.

In view of the above, Commercial Bank of Kuwait's Board of Directors approved the functions and responsibilities delegated to the CEO who is responsible towards the Board of Directors for applying all bylaws and policies approved by the Board of Directors in consistency with the prudent Corporate Governance standards and relevant instructions issued by Central Bank of Kuwait.

8. Brief biography on Executive Management Team

Ms. Elham Yousry Mahfouz **The CEO**

Ms. Elham is a banker holding a Bachelor with honor degree in Business Administration / American University in Cairo and she is a Member in the legal bankers Institute in London. Ms. Elham joined Commercial Bank of Kuwait in the year 2000 as Manager – International Banking and progressively held top-executive positions holding the position of GM – New York Branch, Acting GM – International Banking, GM – International Banking in December 2010 and she was promoted as Deputy CEO in April 2012 and was appointed as the CEO of the Bank on 20/11/2014.

Before joining Commercial Bank of Kuwait, Ms. Elham worked with a number of Kuwaiti financial institutions possessing a long experience and a proven track record in banking financial areas for approximately 30 years.

Ms. Sahar Abdulaziz Al Rumaih **GM- Corporate Credit Division** **Acting General Manager - Retail Banking Division**

Ms. Sahar is a banker holding a Bachelor degree in Economy / Kuwait University and possesses more than 27 year experience in corporate credit. Ms. Sahar joined Commercial Bank of Kuwait in the year 2000 after working about 12 years in other Kuwaiti financial institutions. Ms. Sahar manages, in cooperation with her taskforce, the Bank's credit portfolio and she is also a Member in the Credit & Investment Committee and ALCO and participates in the BLC meetings. Further, she was assigned, effective from 9/12/2015, to take over responsibilities as Acting General Manager - Retail Banking Division in addition to her responsibilities as General Manager - Corporate Credit Division.

Mr. Adli Abdulla Ghazal **GM – Treasury & Investment**

Mr. Adli is a banker holding a Bachelor of Commerce. Mr. Adli joined Commercial Bank of Kuwait in the year 2001 as Senior Manager - Treasury and he has banking experience of more than 40 years in treasury business and financing & liquidity in Kuwaiti banks. Mr. Adli progressively held many positions and he now holds the position of GM – Treasury & Investment and he is also a Member in Credit & Investment Committee and ALCO.

Mr. Yaqoub Habib Al Ebrahim **GM – Compliance & Corporate Governance**

Mr. Yaqoub is of Kuwaiti nationality and held a Bachelor degree with honor degree in Accounting / USA. Mr. Yaqoub joined Commercial Bank of Kuwait in December 2011 based on his 33 years of experience during his career in the Central Bank of Kuwait where he held the position of Director, On-Site Supervision Department and

he is a Member in the National Committee for AML & CFT. Mr. Yaqoub was also a Board Member of financial and non-financial companies, besides being a Member in a number of local and regional committees. He was also as Secretary to the Board and all Board Committees during the period from December 2014 to November 2015. In addition to his responsibilities as GM – Compliance & Corporate Governance and AML, Mr. Yaqoub is the Chairperson of Purchasing & Tender Committee and is also the Bank's official spokesman besides being Secretary to the Board Corporate Governance Committee.

Mr. Masud Ul Hassan Khalid
Chief Financial Officer - Financial Planning and Control

Mr. Masud is an accountant holding a Bachelor of Commerce from the University of Punjab, Lahore, Pakistan and also obtained a diploma in International Financial Reporting Standards and he is a Fellow Member in the Institute of Costs & Management Accountants in Pakistan. Mr. Masud possesses an experience of more than 24 years in banking industry since he joined the Bank in 1992 and enjoys sound analytical skills, financial & management reporting potentials and preparing of budgets and the reports required by regulators and the Central Bank of Kuwait. He is also a Member in ALCO.

Mr. Paul Daoud
GM – Operations

Mr. Paul is a banker holding a Bachelor of Business Administration / Kendi Western - USA. Mr. Paul joined Commercial Bank of Kuwait in 1981 and has experience of more than 34 years in Retail Banking area where he progressively held a number of posts in Retail Banking Division and he held the position of General Manager, RBD. Effective from 28/6/2016, Mr. Paul was assigned to take over responsibilities GM – Operations.

Mr. Yasser Mahmoud Behbehani
Acting GM - ITD

Mr. Yasser held a Bachelor of Computer Science / Miami University - USA and his experience extends to 24 years. He joined the Bank in 2008 as Executive Manager, E-Channels / Retail Banking Division until he was appointed as Acting General Manager - Information Technology Department in January 2016. Mr. Yasser started his career progression with Gulf Bank - Kuwait during the period from 1992 to 1999 where he held a number of positions such as System Programmer then he was promoted to the position of Projects Manager. He moved to work in Kuwaiti National Cinema Company during the period from 1999 to 2008 and occupied the position of General Manager – Information Technology and Operations.

During his tenure with Commercial Bank of Kuwait, Mr. Yasser participated in implementation of a number of e-channels banking operations such as Mobile Banking, SMS and E-Banking services.

Mr. Yasser's various voluntary initiatives covered a number of Information Technology related issues where he produced B2B project titled "Contact Kuwait" and also contributed in establishing BBS project in the early 1990s.

Mr. Ahmed Mohamed Farahat
Chief Internal Auditor

Mr. Ahmad held a Bachelor degree in Accounting and Auditing 1994/ Faculty of Commerce - Cairo University and also obtained a number of specialized professional certificates in diverse areas such as Certified Internal Control Auditor, Certified Risk Analyst and Certified Fraud Examiner.

Mr. Ahmad joined the Bank in May 2015 as Deputy Chief Internal Auditor and was appointed as Chief Internal Auditor in 25/10/2015 based on his experience which extends to over 20 years in internal audit, Corporate Governance and risk management and also has experience in fraud investigation at banks and financial institutions.

Mr. Ahmad held diverse positions in both audit and risk areas at different banks and companies in Kuwait, United Arab Emirates and Egypt.

Mr. Syama Sundar Parvatraj
Acting Head of Risk Management Division
Head of Credit & Investment Review Unit

Mr. Syama obtained a Bachelor of Science and he is a Certified Associate of Indian Institute of Bankers and obtained a number of specialized professional courses in risk and credit management areas.

Mr. Syama has long experience of 32 years in banking sector, particularly in credit risk area. He started his career in Bank of India as an officer in branches and was promoted over a term of 11 years to become Deputy Manager – Credit at Hyderabad Branch and also worked at Andhra Pradesh Bank / India as Assistant Vice President & Credit Analyst. Mr. Syama joined the Bank since 2007 as Head – Credit & Investment Review Unit and he is now Acting Head of Risk Management Division. Mr. Syama is a Member in most of the Bank's executive committees and participates, on a permanent basis, in the Board meetings and both the Board Risk Management Committee and the Board Loans Committee.

Ms. Mona Hussain Al-Abdulrazzaq
GM – Human Resources Department

Ms. Mona obtained a Bachelor of Computer Science / Kuwait University. She joined the Bank in November 2015 as GM – Human Resources Department based on her professional experience which exceeds 23 years in human resources, media and business development areas.

Ms. Mona held a number of positions in public & private sectors in Kuwait and United Arab Emirates such as her position as Media Advisor for H.E. the Minister of Commerce & Industry in Kuwait, HR Director - Tony Blair Project with Prime Minister's Office / Government of Kuwait and Executive Manager - Recruitment & Manpower/ Al Ahli Bank of Kuwait. Further, Ms. Mona worked at Kuwait Airways Corporation for a long time and also worked in other institutions in Kuwait.

Mr. Mohamed Hashem Mohamed

Legal Advisor to Chairman and General Manager - Legal Department

Mr. Mohamed holds a Master degree in International Trade & Investment Laws 1997 / Cairo University and he is a lawyer enrolled in the roll of lawyers admitted to plead before the Court of Cassation, Supreme Administrative Court and Supreme Constitutional Court. Mr. Mohamed's experience exceeds 21 years in the legal field at commercial and Islamic banks. He joined the Bank in March 2016 as a Legal Advisor to Chairman and General Manager - Legal Department.

Before joining the Bank, Mr. Mohamed was a legal advisor in a number of Egyptian and Kuwaiti banks, namely Commercial International Bank (Egypt), National Bank of Kuwait and his last position was the Legal Counsel & Head of Legal Division at Al Ahli United Bank - Kuwait.

9. Corporate Values

Message from Chief Executive Officer to the Bank Staff Members

In line with the Central Bank of Kuwait's regulations on Corporate Governance, I would assume it is an appropriate time for us to examine how we do business and ensure we are living up to the highest standards of ethical and professional behavior. In everything we do, we must ensure that we are acting in the best long-term interests of our Bank's clients. Commercial Bank of Kuwait has clearly articulated the principles that have guided us for the past 50 years and will continue to guide as we move forward.

This Code of Conduct is designed to guide all of us at the Bank and fully embodies the Bank's values and standards of behavior. The code applies to all employees (whether permanent, temporary or on contract), the Chairman and the Board of Directors of the Bank. It provides us with guidance on rules of conduct, on ethics and on avoiding conflicts of interest. We should use the 'Code' in our daily work as it enables us to follow these principles, make good choices and act with the highest integrity in everything we do. We must set professional standards and corporate values that promote integrity for the Bank, our Executive Management and all employees. Integrity must always be the cornerstone of our business operations and the starting point of all our decisions and actions. Our reputation for excellence is a key competitive advantage and all must never do anything to put that reputation at risk. Consistently high standards of values will continue to make the Bank a great institution for the next years and beyond. I look forward to that journey and thank you for your continued commitment to the Bank.

Main Components of the Bank's Policy Related to Corporate Values:

- Raising Ethical Issues
- How We Do Business
- Escalation of Business Concerns
- Protecting the Bank's Assets
- Anti Bribery and Corruptions
- Anti-Money Laundering ("AML") Compliance
- Suspicious Activity Reporting
- Privacy and Security of Client Information
- Conduct in the Workplace
- Privacy for the Bank's Workforce
- Safety in the Workplace
- Drug-Free Workplace
- Safeguarding Personal, Proprietary and Confidential Information
- Media Interaction and Public Appearances
- Use of the Bank's Name, Facilities or Relationships
- Insider Trading
- Investigations
- Required Employee Reporting
- Communication, Equipment, Systems and Services

Absence from Work
Timeliness Standards
Appearance & Dress
Expressions of Sympathy
Conflicts of interests
Accepting Gifts and Entertainment
Related-Party Business Dealings

10. Conflict of Interest

Commercial Bank of Kuwait fully recognizes that integrity is one of the most fundamentals of banking business and this is achieved by adopting the proper Code of Conduct. Conflict of Interest policy is one of the policies approved by the Bank's Board of Directors in this regard. This policy sets the rules & controls to ensure that conflict of interest is avoided and decisions are made on a transparent and arms length basis. The said policy and related procedures highlights the following issues:

1. Defining conflict of interest, independent implementation of this policy and disclosure of conflict of interest cases.
2. Dealing with all cases where conflict of interest may arise whether between the Bank and the Board Members or between the Bank and Executive Management.
3. Obtaining the Board of Directors' approval on any activity the Board Member is engaged in.
4. All transactions with related parties should be conducted on an arms-length basis.
5. Applying the penalties on any member or official in-charge violating the said policy.

The said policy further obligates all Board Members and concerned officials to disclose and avert any situation where conflict of interest may arise. If a member or official at the Bank is in a situation of conflict of interest, the following procedures would be taken:

1. The member / official in-charge should immediately disclose the conflict of interest situation.
2. The members / officials in-charge shall withdraw from the situation that causes conflict of interest and abstain from participating in any phase or procedures associated with this situation and ensure that all their dealings with the Bank are being conducted on arms length basis.

11. Related Party Transactions

The objective of this policy is to provide a framework for the Bank's dealing with its related parties. This policy was prepared as the related parties are in a position of power and influence vis-à-vis the Bank and hence they have the potential to obtain undue advantage for themselves in their dealings with the Bank. This policy establishes the necessary rules and controls so that transactions with related parties are carried out on a transparent and arms length basis without any preference or bias. Presented below a synopsis on the Bank's policy in this regard:

- Related Party – A related party is defined in line with the International Accounting Standard 24
- Related party transactions – Any direct or indirect transactions entered into by the Bank with any related party. These include loans, deposits, other banking services and products and supply or service contracts between the bank and the related party.
- All transactions with related parties should be done on an arms length basis which implies that:
 - Such transactions should be subject to the same level of scrutiny and due diligence as is done for similar transactions with third parties.
 - Such transactions should be subject to the same terms and conditions that apply to similar transactions with third parties.
- The Credit facilities extended to the Board Members and their related parties should be approved in line with the relevant Central Bank regulations.
- The Internal Audit Department shall conduct an annual audit of related party transactions to verify if these are in compliance with this policy and the relevant regulations along with submitting its report to the Board Audit Committee in this regard.

12. Confidentiality & Information Security:

Banking confidentiality is considered one of the key principles of banking business due to the trust and reassurance it gives to all parties dealing with banks, whether depositors, borrowers, investors and others having interests or relationships with banks. Breaching of banking confidentiality will have negative effects not only on the breaching bank, but they may also expand to encompass the whole banking sector. Commercial Bank of Kuwait emphasizes its commitment to the highest banking confidentiality standards and takes all the required precautions to observe confidentiality of Information related to the Bank or those associated with individuals or parties dealing with the Bank and it also emphasizes its compliance with laws and all related instructions on confidentiality issued by regulatory authorities. Further, the Bank's Board of Directors approved a confidentiality policy covering all legal and regulatory requirements in addition to a set of stringent standards in this area for enhancing and strengthening solid and sound culture within the Bank towards full commitment to confidentiality of data and information pertaining to its stakeholders.

The Bank's confidentiality policy also includes the following issues:

1. No Member of the Board of Directors, Executive Management and the Bank staff shall, during or after termination of his employment with the Bank, divulge or make use of any secrets or material associated with the Bank and its customers or business of other entities having interests and relationships with the Bank and the customers of such entities unless otherwise permitted by the law.
2. Maintaining information security and setting the required controls to prevent access to the same by anyone save the authorized persons. The Board of Directors shall be responsible for setting control systems for this purpose.
3. Ensuring that the Bank's control systems prevent leakage of any confidential banking information in breach of the banking confidentiality.
4. Developing security awareness in the Bank in a way that enhances and maintains banking confidentiality.
5. Internal Audit Department will verify the compliance with the confidentiality policy.

13. Group Structure

The Board of Directors of the parent Bank has the overall responsibility for adequate Corporate Governance across the group and ensuring that there are Corporate Governance policies and mechanisms appropriate to the structure, business and risks of the group and its entities. In this framework:

- a. The Board of Directors of the parent Bank should be aware of the material risks and issues that might affect both the Bank as a whole and its subsidiaries. It should therefore exercise adequate oversight over subsidiaries, while respecting the legal independency of Corporate Governance responsibilities related to the Board Members of subsidiaries.
- b. In order to fulfill its Corporate Governance responsibilities, the Board of Directors of the parent Bank should:
 1. Establish a Corporate Governance structure which contributes to the effective oversight of subsidiaries and takes into account the nature, scale and complexity of the different risks to which the group and its subsidiaries are exposed.
 2. Assess the Corporate Governance structure periodically to ensure that it remains appropriate in light of growth, increased complexity, and geographic expansion.
 3. Approve a Corporate Governance policy at the group level for its subsidiaries, which includes the commitment to meet all Corporate Governance requirements.
 4. Ensure that each subsidiary is able to meet the requirements of the Corporate Governance standards issued by the group and the local regulatory authorities.
 5. Have appropriate means to ensure each subsidiary's compliance with all applicable corporate governance requirements. The Bank Board of Directors' functions & responsibilities include review and approval of Corporate Governance rules & systems and manuals appropriate for the Bank's business activities taking into account all the Bank's branches and subsidiaries in or outside Kuwait along with verifying its effectiveness and developing such rules & systems based on the developments that may arise and in consistency with the Central Bank of Kuwait's instructions on Corporate Governance rules and systems. Further, the Board of Directors assigned the Board Corporate Governance Committee to ensure on a permanent basis that the Bank's policy related to Corporate Governance rules & systems covers subsidiaries and that such subsidiaries are able to meet Corporate Governance requirements.

14. Risk Management & Internal Controls

The Bank has in place effective and independent internal control and risk management systems with due observation of expertise and competence to be possessed by the concerned officials. Within its efforts to comply with Corporate Governance rules, the Bank's Board of Directors endeavored to get both Head of Risk Management Division and Chief Internal Auditor have independence and the right to obtain all required information related to their duties and functions with easy access to the Chairman of the Board of Directors and the Board Committees' chairmen without any obstacles.

Internal Control Systems:

1. The Board of Directors approved an organizational structure consistent with the Bank's nature and activities to provide regulatory controls required to implement the Board-approved strategy. This can be achieved through identifying the respective objectives of each Department/Unit in the Bank, setting its duties & responsibilities, and determining the authorities and point of contact and communications for each managerial or supervisory job. By doing so, the Bank can realize dual control and separation of responsibilities in order to avoid conflict of duties and operational risks, while having manuals, policies and procedures in place to implement and control operations; and job descriptions for various jobs to set the qualifications and experiences of incumbents.
2. Adequacy and effectiveness of the internal control systems shall be verified annually.
3. The Board of Directors continuously ensure independency and competency of the Internal Audit Department, and that audit scope, procedures and periodicity are consistent with the risk profile to which Bank's different activities are exposed.
4. The Bank places high importance on transparency where the Bank's annual report includes a report on the adequacy of the internal control systems as well as the External Auditor's opinion about the internal control systems.
5. The Bank's Chairman issued a circular urging all the Bank staff members to contact him to communicate their concerns regarding any potential violations.

Risk Management

Risks are identified and overseen at the level of each unit and department and at the Bank wide as a whole. Risk Management is responsible for identifying and assessing material risks, measuring the Bank's exposures to such risks, monitoring this exposure in light of the Bank's risk appetite, determining the capital needs on an ongoing basis, as well as monitoring and assessing the decisions related to taking certain risks.

Internal and External Audit

The Board of Directors and Executive Management endeavor to effectively utilize the activities conducted by internal audit function, External Auditors as well as the assessment reports of internal control systems.

Internal Audit

- Internal Audit Department may have access to any information or any staff in the Bank. Further, Internal Audit has been vested with full authority to perform its tasks as required.
- The Board of Directors approved Internal Audit Charter outlining fundamentals of internal audit function.
- Internal Audit Department performs its duties and prepares its report independently. It has the right to discuss its report with the Bank's audited departments.
- Internal Audit Department has been instructed to focus on risk-based audit. Key responsibilities of Internal Audit Department include the following:
 - (1) Verify and evaluate sufficiency and effectiveness of internal control systems, and ensure having comprehensive internal control systems in place for financial and administrative affairs, which are monitored and reviewed on time.
 - (2) Ensure compliance with the Bank's internal policies, as well as relevant laws, policies, systems and instructions.
 - (3) Inspect certain activities and transactions relating to the Bank's financial position, internal control systems, risk management and etc.

External Audit

1. External audits are conducted as per international standards, local laws and the relevant instructions issued by the Central Bank of Kuwait.
2. The external audit process is carried out on Dual Audit basis to fulfill the objective of appointing two external auditors.
3. When the Board of Directors engages external audit firms or other consulting agencies (other than the external auditors of the Bank) to review and assess the internal control systems in order to ensure effectiveness and sufficiency of these systems, then the Board of Directors should draw the attention of these firms and agencies to focus on the areas which harbor latent dangers for the Bank and may lead to high operational risks, as well as other areas whose review importance may be highlighted by Central Bank of Kuwait's reports, observations and directives.

15. Remunerations' Systems & Policies

1. The Board of Directors approved a remuneration policy reflecting clearly the objectives the Bank endeavors to achieve.
2. This policy comprises all aspects and components of financial remunerations so as to reinforce the Bank's effective risk management. This policy is also meant to attract and maintain highly qualified, skilled, and knowledgeable professionals required for performing the banking business.
3. The approved remuneration policy included the proper standards for the possibility of reducing total remunerations in case of the Bank's weak or adverse financial performance as well as the controls of establishing Claw Back scheme, in view of the broad concept of financial remunerations.

Performance Measurement:

1. Performance of the Bank staff members with all their job grades is appraised and measured objectively.
2. Performance appraisal and measurement's procedures and processes are clearly documented and provide for the avoidance of conflict of interests.
3. Appraisal and measurement of the performance of the Senior Management is based on the Bank's long-term performance. Accordingly, their remunerations should not be evaluated according to the performance of the current year only.

Linking Remunerations to the Bank's Performance and Risk Timeline:

1. The remuneration policy is consistent with prudent risk-taking.
2. The Bank observes to link financial remuneration to the Bank's performance on the long term as well as the short one.
3. Remuneration policy is reviewed to evaluate its appropriateness and effectiveness.

Disclosure Requirements:

The Bank's annual report includes the most significant aspects of the Bank's remunerations policy, including composition of the Remuneration Committee and its authorities.

16. Disclosure & Transparency

Disclosure is the process of disclosing and revealing (financial and non-financial) material information of concern for the investors and stakeholders, and it is performed on a periodical basis (specific financial periods) or on an immediate basis when an issue arises so that the information shall be available at the same time for all concerned parties and no party shall make use of the information before other parties.

The definition of "Material Information" as per the Capital Markets Authority is any information that is held by the issuer with respect to its activity, identity, financial position or management, not available on the public domain or to the traders, having impact on its assets, liabilities, financial standing or the general course of its business and may lead to a change in the price or volume of security trading or attraction of, or abstention by the traders on the security or affect the issuer's ability to fulfill its obligations. However, the Central Bank of Kuwait defined "Material information" as any information that could affect the value of any company's share, or any information that when not disclosed affect the economic decisions by the users of such information.

Within its commitment to firmly establish a transparent business environment as per the best Corporate Governance rules in this regard and its compliance with regulatory instructions, the Bank's Board of Directors approved a detailed policy on disclosure & transparency which specifically includes Material Information that should be disclosed and the way of disclosure. Disclosure & Transparency policy comprises the following issues:

1. Ensuring compliance with all the relevant laws and all instructions issued by the Central Bank of Kuwait, Capital Markets Authority, and Kuwait Stock Exchange and which are related to disclosure & transparency.
2. Ensuring that the required information that will be sent to the regulators and other relevant parties is accurate and understandable and sent in a timely manner.
3. Promoting and establishing a strong and sound culture of Compliance with disclosure to all relevant staff, and ensuring the successful implementation of this policy.
4. Disclosing information in line with the International Financial Reporting Standards (IFRS) and regulatory Instructions.
5. Disclosure & Transparency policy is periodically reviewed by Internal Audit Department to verify the Bank's compliance with the same.
6. The disclosed information include the following:
 - Balance Sheet
 - Income Statement
 - Cash Flow Statement
 - Statement of Changes in Shareholders' Equity

- Board of Directors report on the financial results.
- The Management Discussion and Analysis (MD&A).
- Experience and qualifications of the Bank's Board Members and Executive Management Team Members.
- Summary of Board committees' duties and responsibilities and their Members.
- Evaluation of internal control systems.
- Summary on Remuneration Policy.
- Remuneration paid to the Board Members and top-executives of Executive Management Team.
- Nature and volume of the Bank's transactions conducted with related parties.
- Major shareholders.
- Other information.

A specialized Unit for Disclosure has been established at the Bank to follow up all statutory and regulatory requirements related to disclosure and verify the Bank's compliance with such requirements as governed by the applicable rules.

17. Protection of Shareholders' Rights

The Bank's bylaws, policies and practices reflect the provisions of the laws, bylaws and instructions issued by regulatory authorities, such as controls and measures of protecting shareholders' rights, and treating them on equal basis, especially in terms of:

1. Protecting shareholders' basic rights related to ownership registration and transfer, participation & voting in shareholders' meetings, sharing profits, and obtaining regular information on the Bank.
2. Underlying shareholders' rights to review and participate in the decisions of amending the Bank's Article and Memorandum of Association, including capital amendments arising from offering new shares for shareholders, offering employees share option plan, or share buybacks, as well as the decisions related to unordinary transactions which might affect the Bank's future or activity, like merger, sale of a substantial portion of its assets, or relinquishing subsidiaries.
3. Encouraging shareholders' effective participation in the Annual General Meeting and apprising them of voting procedures and rules, including notifying them of the Annual General Meeting's convening timing and agenda quite enough before the Meeting. Further, the location and timing of the Meeting should be published publicly as per relevant laws, bylaws and instructions.
4. Stressing the importance of disclosing capital structure or any arrangements which might result in certain shareholders controlling the Bank.
5. Emphasizing equal treatment of shareholders, including minority and foreign shareholders, and giving them the opportunity to question the Board and rectify any violations of their rights.
6. Providing information to shareholders at the suitable time to enable them to exercise their rights to the fullest. Such information must be adequate and accurate and available for all shareholders without discrimination.
7. Providing shareholders access to the minutes of the Annual General Meetings.
8. Preparing a statement of financial and non-financial penalties imposed on the Bank during the financial year according to Article (85) of Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and the Organization of Banking Business and the amendments thereof. Such statement must be read by the Bank's Chairman at the Annual General Meeting, as per the Central Bank's relevant instructions.

18. Protection of Stakeholders' Rights

Stakeholders include any person or entity having relationship with the Bank such as depositors, shareholders, the Bank staff members, creditors, customers, suppliers and any other entity having relationship with the Bank.

The Bank is fully aware that protection of stakeholders' rights constitutes an essential pillar of the good governance and that the Bank's final success is the fruit of the joint efforts with such parties. As such, the Bank's policy, bylaws and practices accentuate the importance of respecting stakeholders' rights as per relevant laws, bylaws and instructions, add to this the Bank guarantees rights of the said parties by rectifying any violations of their rights in line with the relevant laws. It is worth noting that Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and the Organization of Banking Business, as well as rules and instructions issued to banks concerning practicing their various activities, include the controls and bases which provide protection to stakeholders' rights.

19. Whistle Blowing

The Bank is bound by implementation of the instructions issued by the Central Bank of Kuwait with regard to Corporate Governance and which placed great emphasis on internal control systems. These instructions stipulated that each bank should have in place effective & independent internal control systems and enable employees to easily contact the chairman to communicate their concerns regarding any potential violations, so as to allow independent investigation and monitoring of these concerns. These instructions also stressed that a bank should set procedures that provide protection to those employees and give them reassurance that they will not be subject to any threats or penalties in case these concerns are not proved correct. Therefore, and out of its focus on the interest of the Bank & its employees and all its stakeholders for example shareholders, customers and other parties, the Bank's Board of Directors approved a policy which allows any person in or outside the Bank to report any act detrimental to the Bank's interest, where a Board Member was assigned to address such cases with utmost importance along with providing the required legal protection to the whistleblower.