A- Circular No. (2/BS , IBS/160/2004) to all local banks, concerning laying down a timetable for raising the ratio of national manpower in compliance with the provisions of Article (71 bis) of Law No. 32 of year 1968, and amendments thereof.

B- Circular requiring local banks to provide the Central Bank of Kuwait with periodic quarterly data on their employees.
CHAPTER TWO : The Law, Supervisory & Regulatory Instructions & Controls

Rabi Al-Akhir 5,1425 H
May 24, 2004

GOVERNOR

THE CHAIRMAN,

To All Local Banks

By virtue of the provisions of Article (71 bis) of Law No. 32 of year 1968, concerning Currency, the Central Bank of Kuwait, and the Organization of Banking Business, amended by Law No. 28 of year 2004, which sets the minimum ratio of national manpower to total manpower in units subject to Central Bank of Kuwait supervision, at 50% or as decided by the Council of Ministers by virtue of Article (9) of Law No. 19 of year 2000, in regard to supporting national manpower, whichever the higher; and obligates the mentioned units to make necessary adjustments in compliance with the above requirements within three years of the date of application of the mentioned Article; and taking into consideration the statements provided by banks on the number of their staff as on 31/12/2003.

Your bank is obligated to take all necessary measures to raise the ratio of national manpower to total manpower to 50% by 15/3/2007.

Pursuant to the provisions of the above mentioned Article (71 bis), the Central Bank of Kuwait decided to lay down a timetable of six half-year periods, with a targeted ratio at end of each half-year period, according to the following:

<table>
<thead>
<tr>
<th>Period</th>
<th>Targeted Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>To 15/9/2004</td>
<td>Not less than 43%</td>
</tr>
<tr>
<td>To 15/3/2005</td>
<td>Not less than 45%</td>
</tr>
<tr>
<td>To 15/9/2005</td>
<td>Not less than 46%</td>
</tr>
<tr>
<td>To 15/3/2006</td>
<td>Not less than 48%</td>
</tr>
<tr>
<td>To 15/9/2006</td>
<td>Not less than 49%</td>
</tr>
<tr>
<td>To 15/3/2007</td>
<td>Not less than 50%</td>
</tr>
</tbody>
</table>

22- INSTRUCTIONS CONCERNING THE RATIO OF NATIONAL MANPOWER IN LOCAL BANKS
A- Circular No. (2/BS, IBS/160/2004) to all local banks, concerning laying down a timetable for raising the ratio of national manpower in compliance with the provisions of Article (71 bis) of Law No. 32 of year 1968, and amendments thereof.
It is worth mentioning that your bank is obligated to fully comply with the above mentioned timetable, until reaching the targeted ratio (50%) on 15/3/2007. We shall consider applying the suitable penalty (according to provisions of Article 85 of Law No. 32 of year 1968, in case noticeable differences from each period’s targeted ratio are recorded, without acceptable justifications.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH
GOVERNOR

Rabi Al-Akhir  22, 1426 H
May 30, 2005

THE CHAIRMAN,

" Circular to All Local Banks "

This has reference to the Circular dated 1/5/2005 to all local banks, stressing some of the issues discussed during the meeting held with local banks chairmen on 23/3/2005, including the emphasis on the need for local banks’ compliance with the rules of Article (71-bis) of Law No. 32 of year 1968 concerning currency, the Central Bank of Kuwait and the Organization of Banking Business, which stipulated that the ratio of national manpower at a local bank may not be less than 50%, with the understanding that banks will gradually meet this ratio within three years of the issuance date of Law No. 28 of year 2004, as well as the emphasis that local banks should adjust their conditions and attain the said ratio within the framework of the circular dated 24/5/2004 forwarded to them in this regard, and while noting that the Central Bank’s calculation of this ratio will take into account the total number of the employees of a bank, without giving regard to the outsourcing approach resorted to by some bank for the purpose of improving the subject ratio.

Reference is also made to Central Bank of Kuwait’s letter dated 16/4/2000 (copy attached) and forwarded to the Union of Kuwaiti Banks (Kuwaiti Banks Committee, at that time), requesting local banks to provide us with a periodic semi-annual report containing the data on the employees of local banks and Kuwait Finance House, by employees numbers, nationalities and job levels they occupy.

We would like to advise you that your bank must provide us with a periodic quarterly report as at 31/3, 30/6, 30/9 and 31/12 each year, containing the following data:

- Number of Kuwaiti employees.
- Number of non-Kuwaiti employees.
- Total number of employees.

22- INSTRUCTIONS CONCERNING THE RATIO OF NATIONAL MANPOWER IN LOCAL BANKS
B- Circular requiring local banks to provide the Central Bank of Kuwait with periodic quarterly data on their employees.
Each category must be distributed into three job levels (Managerial, Supervisory, Clerical). The subject report must be supplied to us not later than ten business days from the end of the respective period, commencing from the period ended 30/6/2005, and using the attached form.

We would also like to confirm the need for reporting all of your bank’s employees in the said report, including those working under outsourcing contracts signed with other parties, with the possibility of excluding workers that include the following categories:

- Office boys.
- Drivers.
- Messengers.

With my best wishes,

SALEM ABDUL AZIZ AL-SABAH
<table>
<thead>
<tr>
<th></th>
<th>Kuwaitis</th>
<th>Non-Kuwaitis</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managerial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clerical</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. All bank staff, including those working under outsourcing contracts, but the following workers categories may be excluded (Office Boys, Drivers, Messengers).
2. Managerial means supervision jobs.
3. To be supplied to the Central Bank of Kuwait on a quarterly basis, within 10 business days from the end of the respective quarter.
Moharram 11, 1421 H
April 16, 2000

Head of General Managers committee
Kuwaiti Banks Committee,

Attachment to the Circular requesting local banks to provide the Central Bank of Kuwait with the data on their employees on a periodic quarterly basis

Within the framework of the Central Bank’s follow-up of all aspects related to the business and activities of the local banks, and given the importance of having accurate information on the employees of the banking sector and the job levels they occupy, so as to use the same when preparing the relevant studies and statistics, it is necessary to provide us with a periodic semi annual statement containing the below mentioned data on each local bank, including Kuwait Finance House, as at 30/6 and 31/12 each year, noting that such statement must be supplied to us within 15 days from the end of each of the two mentioned periods, commencing from the period ended 30/6/2000:

- Number of Kuwaiti Employees.
- Number of non-Kuwaiti employees
- Total number of employees.

Each category of the above should be distributed into 3 job levels (senior management, middle management, lower management).

We would like to stress the importance of advising us of the bases relied on in determining the above mentioned job levels. For comparison purposes, please provide us with the same statement as at the end of 1999.

Best regards,

Ibrahim Ali Al-Qadhi

Manager of Supervision Department