

Kuwait: 28/07/2020
Ref: 8512/2020

الكويت: 2020/07/28
الإشارة: 2020/8512

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

المحترم السيد / محمد سعود العصيمي
الرئيس التنفيذي - شركة بورصة الكويت

Dear Sir,

السلام عليكم ورحمة الله وبركاته وبعد ،،،

Reference is made to CMA's circular no. 7 of 2020, issued on July 7th 2020 pertinent to Disclosure of the Impact of Covid-19 Repercussions on Financial Statements.

بالإشارة إلى تعميم هيئة أسواق المال رقم 7 لسنة 2020 الصادر بتاريخ 7 يوليو 2020 بشأن الإفصاح عن تأثير الاحداث الناتجة عن انتشار فايروس كورونا المستجد على البيانات المالية.

We would like to disclose the impact of these exceptional Covid-19 circumstances on our bank's performance and its financial position as detailed in the attached disclosure form.

نود الإفصاح عن تأثير هذه الظروف الاستثنائية الخاصة بفايروس كورونا المستجد على أداء مصرفنا ومركزه المالي ، وذلك كما هو مبين في نموذج الإفصاح المرفق.

Best regards,

وتفضلوا بقبول فائق الاحترام ،،،

Abdullah Al Najran Al Tuwajri
Deputy Chief Executive Officer



عبد الله النجران التويجري
نائب الرئيس التنفيذي

**Disclosure Form for the Impact of the Repercussions
of Covid-19 on the Financial Statements**

S#	First: Covid-19 Impact on the Company's Financial Position	
1	Impact on real estate properties regardless of their category	KD 811 thousand of unrealized losses from investment properties, primarily due to COVID-19 impact, has been recognized during the six months ended 30 June 2020.
2	Impact on investments at fair value through profit or loss	No material direct impact has been recognized.
3	Impact on investments at fair value through other comprehensive income	KD 5,623 thousand decrease in the fair value of equity investments at fair value through other comprehensive income and KD 13,989 thousand decrease in fair value of debt investments (Sukuk) at fair value through other comprehensive income, primarily due to COVID-19 impact, has been recognized during the six months ended 30 June 2020.
4	Impact on investments carried at amortized cost	Not applicable
5	Impact on associates and joint ventures	No material direct impact has been recognized
6	Impact on receivables (Islamic Financing to customers)	The Group has considered the potential impact of the uncertainties caused by the Covid-19 pandemic and the economic support and relief measures of governments and central banks while estimating the ECL requirements for the period ended 30 June 2020 as disclosed in Note 18 to the Interim Condensed Consolidated Financial Information. The ECL for Islamic financing for the six months ended 30 June 2020 increased by KD 28,508 thousand as disclosed in Note 2 and 5 to the Interim Condensed Consolidated Financial Information which is primarily from the impact of COVID-19.
7	Impact on loans and payables	No material direct impact has been recognized
8	Impact on inventory	Not applicable
9	Impact on goodwill and intangible assets	No material direct impact has been recognized
10	Any other material effect on the Statement of Financial Position	Kuwaiti banks announced postponement of payment of instalments of consumer and housing finance, credit cards and SME facilities for a period of six months effective from April 2020 without charging additional profit for such deferral. The loan deferral scheme resulted in a loss of KD 48,232 thousand arising from the modification of contractual cash flows which has been charged directly to retained earnings in equity attributable to shareholders.

Off-site Supervision Department
Supervision Sector

Second: Impact of Covid-19 on the company's main activities (income and expenses) including the government stimulus		
1	Impact on income	The Bank's net financing income was impacted due to the decrease in market rates due to the pandemic. Also fee and commission income decreased due to lower business and trade activities.
2	Impact on expenses	No material direct impact has been recognized

Third: Covid-19 Impact on the company's going concern	
Not applicable	

Fourth: Steps taken by the company to minimize the economic impact arising from the outbreak of Covid-19	
Proactive risk management measures has been taken to mitigate the impact on credit risk, market risk, liquidity risk and operational risk in addition to close monitoring the Group capital adequacy indicators. The Group also took decisive cost optimization measures.	