

TRANSLATION

Date: 9 August 2020 REF: CCG/72/2020

Sirs, Capital Markets Authority Sirs, Boursa Kuwait

Greetings,

According to circular No. (7) For the year 2020 issued by the Capital Markets Authority in 7/7/2020 regarding disclosure of impact the events arising from the novel coronavirus outbreak on the financial statements.

Kindly find attached the required disclosure form on the impact of this exceptional circumstances related to the novel coronavirus on the Bank's financial statements for the period ended 30/6/2020.

Best regards,

Tamim Khaled Al Meaan GM, Compliance & CG



NOTE: This is a translation of the original for and binding Arabic text. In case of any difference between the Arabic and the English text, the Arabic text will be prevailing.





Off-site Supervision Department Supervision

"Disclosure of impacts of the events arising from the Novel Coronavirus Outbreak on the financial statements" Form

Serial No.	First: Impact of Novel Coronaviru	15 (on the Company's financial position
1	Impact on real estate assets whatever its classification	-	No material impact.
2	Impact on investments at fair value through profit or loss (FVTPL)	-	Not Applicable
3	Impact on investments at fair value through other comprehensive income (FVOCI)	_	Net decreased in the fair value of investment amounting to KD 34 million is recognized through other comprehensive income during the six mont period ended 30 June 2020. Reduction in the fair value is mainly due to the consolidated impact of Covid-19 and other mark factors.
4	Impact on investments carried at amortized cost	-	Not applicable.
5	Impact on associates and joint Ventures	-	Not applicable
6	Impact on accounts receivable		The Group deferred the collection of instalment of consumer, instalments loans and credit card loa falling due from 1 st April 2020 to 30 September 202 and extended the final maturity of loans by smonths. The deferment of instalments resulted in modification loss of KD 13 million due to to modification of originally contracted cash-flows as recognized it in the retained earnings.
		•	Please refer note 13 to the interim condense consolidated financial information for the period ended 30 June 2020 for further details.
7	Impact on loans and accounts payable	=	No impact.
8	Impact on inventory	•	Not applicable.
9	Impact on goodwill and intangible Assets	-	No impact.
10	Any other significant impact on the statement of financial position	-	No material impact







Off-site Supervision Department Supervision

Serial No.	Second: Impact of the Novel Coronavirus on the Company's main activities (revenues & expenses) including the effects of government incentives		
1	Impact on revenues	 Net interest income declined during the six month period ended 30 June 2020 as compared to the corresponding period of last year, mainly due to decrease in benchmark interest rates in response to Covid-19 pandemic. Fees and commission decreased during the six month 	
		period ended 30 June 2020 as compared to the corresponding period of last year, mainly due to lower business volume.	
2	Impact on expenses	- No material impact.	

Third: Impact of the Novel Coronavirus on the Company's ability to continue as going concern					
	No impact				

Fourth: Steps taken by the company to minimize the economic impact arising from the outbreak of Covid-19

In order to mitigate the impact of Covid-19, the Group has taken following major measures and actions:

- 1- Suitable and appropriate schemes have been drawn up in line with regulatory initiatives to support clients impacted by COVID to sustain their businesses.
- 2- All significant exposures are being closely monitored in order to take immediate corrective action in the event of credit slippage,
- 3- The possible effects of the Covid-19 crisis on the various risks and the resultant effect on the business and capital adequacy have been modeled and the necessary action plans drawn up to meet any eventuality.





