

التاريخ : 16 أغسطس 2020  
إشارة : FIN-3/6193/2020

To : Boursa Kuwait Company

السادة/ شركة بورصة الكويت المحترمين

Dear Sir,

تحية طيبة وبعد ،،،

**Subject: Disclosure of Impact of Spread of Novel Coronavirus on the Financial Statements****الموضوع: الإفصاح عن تأثير الاحداث الناتجة عن انتشار فايروس كورونا المستجد على البيانات المالية**

Reference to Circular No. (7) of 2020 issued by Capital Markets Authority on 7 July 2020 concerning the disclosure of impact of the spread of Novel Coronavirus on the financial statements.

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

We have attached herewith the required disclosure form on impact of the exceptional circumstances pertaining to the Novel Coronavirus on the Bank's financial statements for the period ended 30 June 2020.

نرفق لكم نموذج الإفصاح المطلوب عن تأثير هذه الظروف الاستثنائية الخاصة بفايروس كورونا المستجد على البيانات المالية لمصرفنا عن الفترة المنتهية في 30 يونيو 2020.

Kind Regards,

وتفضلوا بقبول فائق الاحترام ،،،



رائد جواد بوخامسين

Raed Jawad Bukhamseen





Off-site Supervision Department  
Supervision Sector

**“Disclosure of impacts of the events arising from the  
Novel Coronavirus Outbreak on the financial statements” Form**

Serial No.	First: Impact of Novel Coronavirus on the Company’s financial position	
1	Impact on real estate assets whatever its classification	- No material impact in the financial statements
2	Impact on investments at fair value through profit or loss (FVTPL)	- No material impact in the financial statements
3	Impact on investments at fair value through other comprehensive income (FVOCI)	- Change in fair value (Unrealized loss) of equity investments at fair value through OCI amounted to KD 7,211 thousand, majorly due to COVID-19 pandemic
4	Impact on investments carried at amortized cost	- Not applicable
5	Impact on associates and joint ventures	- No material impact
6	Impact on accounts receivable (Financing receivables)	- The Bank implemented the deferral by postponing the instalments of consumer, housing finance and credit cards falling due in the six months period from 1 April 2020 to 30 September 2020 with a corresponding extension of the facility tenure. The instalments deferral resulted in a loss of KD 7,203 thousand arising from the modification of contractual cashflows. The loss is charged to retained earnings as stated in Note 2
7	Impact on loans and accounts payable	- No material impact
8	Impact on inventory	- Not applicable
9	Impact on goodwill and intangible assets	- No material impact
10	Any other significant impact on the statement of financial position	- Kuwaiti banks announced postponement of payment of instalments of consumer and housing finance, credit cards for a period of six months effective from April 2020 without charging additional profit for such deferral. The instalment deferrals are considered as short-term liquidity support to address borrower’s potential cash-flow issues - The Bank has recognized in retained earnings the modification losses amounting to KD 7,203 thousand

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<b>Second: Impact of the Novel Coronavirus on the Company's main activities (revenues &amp; expenses) including the effects of government incentives</b>		
1	Impact on revenues	<ul style="list-style-type: none"> <li>- Net financing income decreased by 9% due to the decrease in market rates</li> <li>- Non-financing income (fees and commission income and investment income) decreased due to lower business and investment activities</li> </ul>
2	Impact on expenses	- No material impact

<b>Third: Impact of the Novel Coronavirus on the Company's ability to continue as a going concern</b>	
No impact	

<b>Fourth: Steps taken by the Company to contain economic effects resulting from the Novel Coronavirus outbreak</b>
<p>In response to the COVID-19 pandemic, KIB has considered various measures and actions (in addition to Business Continuity – Technology Initiatives – Contingency Plans) to mitigate the impact on credit risk, market risk, liquidity risk and operational risk as well as continuing to monitor capital adequacy, liquidity ratio and other ratios.</p>