

Kuwait: 28th of July 2020

Mr. Mohammad Saud Al-Osaimi

Chief Executive Officer - Boursa Kuwait Company

State of Kuwait

Dear Sir,

**Subject: Disclosure of impact of the events arising from the Novel
Coronavirus Outbreak on the Financial Statements**

In accordance to circular Number (7) for year 2020 issued by Capital Markets Authority in 7th of July 2020, concerning the disclosure of the impact of the events arising from the Novel Coronavirus Outbreak on the Bank's Financial Statements.

Kindly find attached, the Disclosure Form on the impact of the exceptional circumstances related to the Novel Coronavirus on the Bank's Financial Statements, for the six months period ended 30/6/2020, noting that decline in the data listed in the attached Form is mainly due to the negative impact resulting from the Pandemic Corona virus on Bank's operations.

Sincerely Yours,

 On behalf of National Bank of Kuwait (S.A.K.P)


Isam J. Al-Sager

Group Chief Executive Officer

**“Disclosure of impacting 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.
2	Impact on investments at fair value through profit or loss (FVTPL)	<ul style="list-style-type: none"> - Net loss on investments at fair value through profit or loss of KD 5.6m is recognized in statement of income during the six months period ended 30th June 2020. - The net loss reflected mainly the impact of Covid-19 and other factors not separately identifiable and quantifiable.
3	Impact on investments at fair value through other comprehensive income (FVOCI)	<ul style="list-style-type: none"> - Net loss on investments at fair value of KD 123m is recognized through other comprehensive income during the six months period ended 30th June 2020. - The net loss reflected mainly the impact of Covid-19 and other factors not separately identifiable and quantifiable.
4	Impact on investments carried at amortized cost	<ul style="list-style-type: none"> - Impairment charge of KD 6.5m on investments carried at amortized cost is recognized in statement of income during the six months period ended 30th June 2020. - The impairment charge reflected mainly the impact of Covid-19 and other factors not separately identifiable and quantifiable.
5	Impact on associates and joint ventures	- No material impact.
6	Impact on accounts receivable	<ul style="list-style-type: none"> - The Group implemented the consumer and other instalment loans and credit cards deferral by postponing the instalments falling due within the six months period from 1st April 2020 to 30th September 2020 with a corresponding extension of the facility tenure. - The instalment deferral resulted in a modification loss of KD 149.8m to the Group arising from the modification of contractual cash-flows. - Refer note 14 to the interim condensed consolidated financial information for the period ended 30th June 2020

Off-site Supervision Department
Supervision Sector

Serial No	First: Impact of Novel Coronavirus on the Company's financial position	
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	<ul style="list-style-type: none"> - The instalment deferral on consumer and other instalment loan and credit cards resulted in a modification loss of KD 149.8m to the Group. - The loss attributable to Bank's equity shareholders amounting to KD 130.5m is charged to retained earnings and the remaining loss to the non-controlling interest, in accordance with the Group's accounting policy.

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	<ul style="list-style-type: none"> - Net interest income and net income from Islamic financing dropped by 7.5% during the six months period ended 30th June 2020 as compared to six months period ended 30th June 2019 primarily due to decrease in benchmark interest rates in response to Covid-19 pandemic. - Net fees and commissions declined by 9% during the six months period ended 30th June 2020 as compared to six months period ended 30th June 2019 primarily due to slower pace of economic activities.
2	Impact on expenses	- No material impact

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



Off-site Supervision Department
Supervision Sector



Fourth: Steps taken by the Company to contain economic effects resulting from the Novel Coronavirus outbreak

In order to mitigate the impact of COVID-19, the Bank has taken several measures and actions, mainly the following:

1. Ensuring sustainability of revenues and control costs, by doubling Bank's efforts in the digitalization field, through:
 - Fast tracking of the digital value propositions.
 - Increase Robotic Process Automation (RPA) initiatives to automate more processes and achieve cost savings.
2. Exploring opportunities to substantially grow Bank's wealth management business to diversify income geographically and to increase share of fee-based and capital-light contribution.
3. Mitigating risks in the existing credit portfolio, where all significant exposures are being closely monitored and reviewed to assess impact of COVID-19 on Bank's corporate borrowers.

