

| الإشارة | رقم الصادر | التاريخ |
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| ب و / ر ت | 319 | 2020/08/13 |

Dears Boursa Kuwait Company

السادة / شركة بورصة الكويت المحترمين

May Allah's Peace and blessing be upon you,

السلام عليكم ورحمة الله وبركاته،،،

**Subject: Disclosure of the Impact of the Incidents
Resulted from the Novel Corona Virus Pandemic on the
Financial Statements as at 30 June 2020**

**الموضوع: الإفصاح عن تأثير الأحداث الناتجة عن انتشار فايروس
كورونا المستجد على البيانات المالية كما في 30 يونيو 2020**

At the very beginning, we express our sincere greetings wishing you all success.
with reference to the above, and in line with Warba Bank interest in adhering to CMA Circular No. (7) /2020 issued on 7/7/2020 regarding the Disclosure of the Impact of the Incidents Resulted from the Novel Corona Virus Pandemic on the Financial Statements. Kindly find attached Disclosure form of the Impact of the Incidents Resulted from the Novel Corona Virus Pandemic on the Financial Statements as of 30 June 2020.

بدايةً أتقدم منكم بأطيب التحيات متمنياً لكم دوام التوفيق والسداد.
بالإشارة إلى الموضوع أعلاه، وحرصاً من بنك وربة على الالتزام بمتطلبات تعميم هيئة أسواق المال رقم (7) لسنة 2020 الصادر بتاريخ 2020/7/7 بشأن الإفصاح عن تأثير الأحداث الناتجة عن انتشار فايروس كورونا المستجد على البيانات المالية. نرفق لكم نموذج إفصاح مصرفنا عن تأثير الأحداث الناتجة عن انتشار فايروس كورونا المستجد على البيانات المالية كما في 30 يونيو 2020.

Best regards,

وتفضلوا بقبول فائق التقدير والاحترام،،،

Shaheen Hamad Al Ghanem

Chief Executive Officer

شاهين حماد الغانم

شاهين حمد الغانم

الرئيس التنفيذي

Disclosure form of the Impact of the Incidents
Resulted from the Novel Corona Virus Pandemic 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 903 thousand of unrealized losses from investment properties has been recognized during the six months ended 30 June 2020 mainly due to COVID -19 impact. |
| 2 | Impact on investments at fair value through profit or loss | KD 1,684 thousand decrease in fair value of investments at fair value through profit or loss income has been recognized during the six months ended 30 June 2020 mainly due to COVID -19 impact. |
| 3 | Impact on investments at fair value through other comprehensive income | KD 7,232 thousand decrease in fair value of debt instruments (Sukuk) at fair value through other comprehensive income has been recognized during the six months ended 30 June 2020 mainly due to COVID -19 impact. |
| 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 Bank decided to postpone monthly payments for installments of consumer financing, installments financing and credit cards for all customers for a period of six months effective from April 2020 with waiving additional profits and charges during this period ("payment deferral program"). As a result, the Bank recalculated the gross carrying amount based on the revised cash flows of the financial assets and recognised a modification loss of KD 10,726 thousand charged to retained earnings. |
| 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 | The uncertainties caused by COVID-19 have required the Bank to update the inputs and assumptions used for the determination of Expected Credit Losses as at 30 June 2020. Expected Credit Losses were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Bank has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for Expected Credit Loss determination. Further, Loss Given Default (LGD) and Exposure at Default (EAD) estimates have also been critically assessed. This assessment has considered several aspects including, the cash situation of clients, the value of collateral and the enforceability of guarantees. |

Off-site Supervision Department
Supervision Sector

| S# | 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 COVID-19 pandemic. |
| 2 | Impact on expenses | No material direct impact has been recognized |

| Third: Covid-19 Impact on the company's going concern | |
|--|--|
| No impact. | |
| Fourth: Steps taken by the company to minimize the economic impact arising from the outbreak of Covid-19 | |
| The Group is closely monitoring the situation and has activated its Business Continuity Planning and risk management practices to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance. | |