

SUPPLEMENTARY DISCLOSURE TO THE FINANCIAL STATEMENTS RELATED TO THE FINANCIAL IMPACT OF COVID-19 AS AT 31 DECEMBER 2020

COVID-19 pandemic continues to present challenges for many entities throughout the world. The pandemic arrested the growth in business & resulted in pulling down the activities of the Company. However, the financial impact was insignificant. The Company is actively monitoring the COVID-19 situation, and in response to this outbreak, has activated its disaster recovery, business continuity & risk management plans to manage the potential business disruption on its operations and financial performance.

The Central Bank of Bahrain (CBB) announced various measures to combat the effects of COVID-19 to ease liquidity conditions in the economy as well as to assist financial institutions in complying with regulatory requirements.

The Government of Kingdom of Bahrain has announced economic stimulus packages to support the country's citizens and private sector and counter the effects of the coronavirus (COVID-19) in these challenging times. The Company gained financial assistance in form of reimbursement of a portion of staff cost and waiver of electricity & water charges for the months April, May, and June 2020 in response to the government's COVID-19 support schemes. There were no financial benefits to the Company in response to the stimulus packages in the third and fourth quarters of 2020.

The pandemic as well as the resulting measures and policies have had some impact on the Company:

- There was no major loss of contributions.
- Reduction in assets was mainly in investments for which the Company has made adequate impairments.
- The Company's liquidity was un-affected due to the situation. There were some delays in the collections for which the Company has made adequate provision for impairments.
- The Company continues to meet the regulatory requirements of minimum capital.
- The slow-down in the local economy resulted in nominal reduction in claims.
- General expenses increased due to the cost related to the necessary precautionary measures and business continuity plan requirements. There was no direct effect of COVID-19 situation on general expenses during the third and fourth quarters of 2020.

The overall impact of COVID-19 situation on the financial statements as of 31st December 2020 as assessed by the Company is as below:

	Shareholders	General Takaful	Family Takaful	Total
Financial Benefits – Government Support Schemes				
Government Grant for Salaries & Electricity charges	164,543	-	-	164,543
Revenue Expenditure				
Donation to MOFNE The National effort to combat the Coronavirus COVID 19 - Feena Khair	(20,000)	-	-	(20,000)
Sterilization & Disinfection of Premises, Sanitizers, Masks & Gloves, Depreciation, etc.	(1,816)	-	-	(1,816)
Total Revenue Expenditure	(21,816)	-	-	(21,816)
Capital Expenditure				
Cost of Laptops for contingency plan	(2,741)	-	-	(2,741)
Total Capital Expenditure	(2,741)	-	-	(2,741)
Receivables Impairment	-	(495,718)	(38,569)	(534,287)
Investment Impairment	(144,283)	(18,835)	(141,517)	(304,635)

The above supplementary information is provided to comply with the CBB circular reference OG/259/2020 (Financial Impact of COVID-19) dated 14 July 2020.

This disclosure should not be considered as an indication of the results of the entire year or relied upon for any other purposes. Since the situation of the COVID-19 is uncertain and is still evolving, the above impact is as of the date of preparation of this information. Circumstances may change which may result in this information to be out-of-date. In addition, this information does not represent the exact full comprehensive assessment of COVID-19 impact on the Company. This information is not subject to a formal review by the external auditors.

Essam Al Ansari
Chief Executive Officer
16 February 2021