

ARAB INSURANCE GROUP (B.S.C.)

SUPPLEMENTARY DISCLOSURE TO THE CONSOLIDATED FINANCIAL STATEMENTS RELATED TO THE FINANCIAL IMPACT OF COVID 19

On 11 March 2020, the Coronavirus (COVID 19) outbreak was declared a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. COVID 19 has also brought about significant uncertainties in the global economic environment. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures.

The management has been closely monitoring the impact of the COVID 19 developments on the Group's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment etc. The Group has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans.

In preparing the consolidated financial statement, judgements made by management in applying the Group's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

The pandemic as well as the resulting measures have had an impact on the Group, particularly:

- Reduction in asset valuations for which the Group has made adequate provision for impairment.
- Investment losses due to market volatility and economic downturn
- Increase in General expense due to costs related to the necessary precautionary measures and business continuity plan requirements.
- Capital costs related to implementing contingency remote working plans

The overall direct impact of COVID 19 pandemic on the financial statements as at 31 December 2021 as assessed by the Group is as below:

FINANCIAL COSTS

Sterilization & disinfection of premises, sanitizers, masks & gloves, depreciation, software license, etc

US\$ '000
31 December 2021
85
85

CAPITAL EXPENDITURE

Cost of laptops and printers

US\$ '000
31 December 2021
2
2

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.

The 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 COVID 19 is uncertain and is still evolving, the above is as of date of the 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 full comprehensive assessment of COVID 19 impact on the Group. This information is not subject to a formal review by the external auditors.