SUPPLEMENTARY DISCLOSURES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2020

COVID-19 IMPACT

During the period ended 30 September 2020, there was an outbreak of coronavirus (COVID-19). The existing and anticipated effects of the outbreak on the global economy is expected to continue to evolve. While these developments continue to impact the Bank's operations, the scale and duration of further developments remain uncertain at this stage and could potentially further impact the Bank's financial position, financial performance and cash flows in the future, the extent of which is presently undeterminable. The Group is monitoring the situation closely, and has undertaken various risk minimisation and management practices to limit and minimise the impact on the Group's operations, financial position and performance.

The Group's Board of Directors and management has been monitoring the impact of COVID-19 on the Group's revenues, impact on valuations of assets and impairments, etc. The Group's contingency plans were activated including business continuity, liquidity management etc.

The regulators in various jurisdictions announced several measures to combat the effects of COVID-19 to assist banks in operating with adequate liquidity and in complying with regulatory requirements. These included payment holiday for 6 months to eligible customers, 0% concessionary repo facilities to banks, reduction of cash reserve requirements from 5% to 3%, reduction in liquidity coverage ratio and net stable funds ratio from 100% to 80%, and the modification losses and additional ECL provisions on Stage land Stage 2 exposures to be added back to Tier 1 capital for two years.

Since the Bank does not provide any retail loans to customers within the Kingdom of Bahrain, no modification losses or significant incremental ECL provisions were recorded or are being added back to the Bank's Tier 1 capital for the purpose of calculating capital adequacy ratios.

The Government of the Kingdom of Bahrain has announced various stimulus programmes to support businesses. The Bank received, for certain months, financial assistance in the form of reimbursement of a portion of staff costs and waiver of utility charges during the nine-month period to 30 September 2020 amounting to US$ 524 thousand. Further, the Government of the State of Kuwait has announced similar programmes to support business by reimbursing portion of the salaries paid to the Kuwaiti employees. As a result, the Bank's subsidiary, KAMCO Invest received reimbursements amounting to US$ 1,400 thousand during the period.

Impact on financial statements

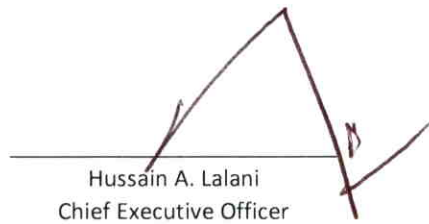The following table summarises the impact that COVID-19 has had on different classes of assets for the nine-month period to 30 September 2020:

	Net impact on the Group's consolidated		
	Income Statement US$ 000	*Statement of Financial Position US$ 000*	*Statement of Other Comprehen-sive income US$ 000*
Impact on:			
Real estate assets	(3,037)	(3,037)	-
Investments at fair value through profit or loss	(12,721)	(12,721)	-
Investments at fair value through other comprehensive income	-	(366)	(366)
Investments in associates	(8,141)	(8,141)	-
Loans, receivables and other assets	(1,519)	(1,519)	-
Other impacts	(2,025)	-	-

UGB

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Hussain A. Lalani
Chief Executive Officer

Syed Rehan Ashraf
Chief Financial Officer