



بنك الخليج المتحد  
ش.م.ب. (مغلقة)  
United Gulf Bank B.S.C. (c)

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

### COVID-19 IMPACT

During the period ended 30 June 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 1 and Stage 2 exposures to be added back to Tier 1 capital for two years.

Since the Bank is does not provide any retail loans to customers within the Kingdom of Bahrain, the aforementioned measures did not impact the Bank's financial position or performance. Moreover, no day-1 modification losses or 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 Group received financial assistance in the form of reimbursement of a portion of staff costs and waiver of utility charges during the six-month period to 30 June 2020 amounting to US\$ 524 thousand.

### Impact on financial statements

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

	Net impact on the Group's consolidated		
	Statement	Statement of	Statement of
	Income	Financial	Other
	Statement	Position	Comprehen-
	US\$ 000	US\$ 000	sive income
			US\$ 000
<b>Impact on:</b>			
Real estate assets	(3,104)	(3,104)	-
Investments at fair value through profit or loss	(16,263)	(16,263)	-
Investments at fair value through other comprehensive income	-	(3,022)	(3,022)
Investments in associates	(9,680)	(9,680)	-
Loans, receivables and other assets	(480)	(480)	-
Other impacts	(5,412)	-	-

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### 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.

A stylized signature in blue ink, consisting of a large 'H' and a smaller 'A'.

Hussain A. Lalani  
Chief Executive Officer

A stylized signature in blue ink, consisting of the name 'Syed Rehan Ashraf' written in a cursive style.

Syed Rehan Ashraf  
Chief Financial Officer