

## Supplementary disclosure to the condensed interim financial statements related to the financial impact of COVID-19

With reference to the CBB circular OG/259/2020 dated 14<sup>th</sup> July 2020 on supplementary disclosure on the financial impact of COVID-19, Solidarity Bahrain would like to provide the following information:

On 21st February 2020, Kingdom of Bahrain confirmed the first case of COVID-19 whilst Health Ministry in Bahrain was on high alert and started implementing pre-emptive measures from January 2020. On 11th March 2020, World Health Organization (WHO) declared COVID-19 outbreak a global pandemic and asserted the threat posed by this virus. This pandemic is an unprecedented event, which has resulted in a global shutdown and caused severe repercussions for economies across the globe. To deter the spread, countries across the globe have taken several measures; complete and partial lockdown, travel restrictions, quarantine measures, closure of public facilities, restriction on certain business activities among many others.

To ease out the financial impact of COVID-19, Bahrain government announced generous stimulus packages to support the citizens, residents, private sector and local businesses to withstand the financial burdens caused by the current situation. All such measures had a positive impact, directly or indirectly across all the sectors and boosted the confidence in this challenging time.

Despite the current economic challenges, Solidarity Bahrain has so far shown great resilience and managed to achieve modest growth compared to last year. Although it is very difficult to ascertain the full financial impact, the impact on some of the key fundamentals of the Company for period ended 31 March 2021 is as follows:

- Achieved modest growth in net profits and gross contributions compared to corresponding previous period.
- No material impact of the value of equity investment portfolio measured at fair value and therefore no impairment was warranted as at 31 March 2021.
- No major impact on the receivable recoverability and the Company's liquidity position is very strong and there is no adverse impact on its working capital.
- The Company hold strong solvency position and its net available capital as at 31 March 2021 is 4.7 times of the solvency margin required as per CBB regulations.

The above information does not represent the full comprehensive assessment of COVID-19 impact on the Company. In addition, this information is not subject to a formal review by the external auditors.



Jawad Mohammed  
Chief Executive Officer  
10 May 2021