

**Bahrain National Holding  
Company B.S.C.**

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**30 September 2019**

**Bahrain National Holding Company B.S.C.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2019**

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## Bahrain National Holding Company B.S.C.

### GENERAL INFORMATION

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#### Board of Directors - BNH Group

Farooq Yusuf Almoayyed	- Chairman
Abdulhussain Khalil Dewani	- Vice Chairman
Jehad Yusuf Amin	- Director
Abdulrahman Mohamed Juma	- Director
Ali Hasan Mahmood	- Director
Ghassan Qasim Fakhroo	- Director
Sami Mohamed Zainal	- Director
Talal Fuad Kanoo	- Director
Ayad Saad Khalifa Algosaibi	- Director
Redha Abdulla Ali Faraj	- Director

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#### General Management - BNH Group

Sameer AlWazzan	- Chief Executive Officer
Masood Bader	- Deputy Chief Executive Officer
Anand Subramaniam	- Chief Investment and Financial Officer

#### General Management - BNI

Eman Salem Mujali	- Acting General Manager
Rayan Al Mahmood	- Assistant General Manager
Hassan Hashim	- Assistant General Manager

#### General Management - BNL

Enas Asiri	- General Manager
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#### Registered office

P.O. Box 843, 10<sup>th</sup> floor, BNH Tower,  
Seef Business District,  
Kingdom of Bahrain  
Telephone: 17 587300  
Fax: 17 583099  
e-mail: [ce@bnhgroup.com](mailto:ce@bnhgroup.com)  
website: [www.bnhgroup.com](http://www.bnhgroup.com)

#### Listing

Bahrain Bourse

#### Auditors of the Group

KPMG Fakhro, P.O. Box 710, Bahrain

#### Registrars of the Group

Karvy Fintech (Bahrain) W.L.L

#### Actuaries of the Group

Actuscope Consulting Actuaries  
Berytech Technological Pole, Mar Roukoz, Mkalles  
P. O. Box 11-7503 Riad El Solh  
Beirut 1107 2240  
Lebanon

#### Lux Actuaries and Consultants FZCO

Office No. 114, 6A East Wing Building, Dubai Airport Free  
Zone  
P.O. Box 371557  
Dubai  
United Arab Emirates

#### Primary Bankers of the Group

Ahli United Bank  
National Bank of Bahrain  
National Bank of Kuwait

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#### BNI's branches and outlets

<b>Seef</b>	BNH Tower, Seef Business District, Manama	<b>Budaiya</b>	Najeebi Complex, Building No.3, Shop No.3, Saar Avenue, Saar 515
<b>Manama</b>	Ground Floor, Al Hedaya Building, Government Avenue, Manama Center	<b>Hamad Town</b>	Shop No. 255, Road No. 305, Block 1203, Hamad Town
<b>Muharraq</b>	Shop No. 2, Ground Floor, Promoseven Holding Building 1130 N Road 1531, Block 215, Al Ghous Highway, Muharraq	<b>Sitra</b>	Building No. 946, Road No. 115 Sitra 601
<b>Sanad</b>	BNH Building 1809, Al Estiglal Highway, Road 4634, Al Nuwaidrat 646	<b>Isa Town</b>	Isa Town Mall, Shop No. 16, Isa Town
		<b>Zinj</b>	Manama Plaza, Building No. 63, Shop No. P61, Abdul Rahman Jassim Kanoo Avenue, Manama/Bu Ashira 332



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CR No. 6220

## Independent auditors' report on review of condensed consolidated interim financial information

The Board of Directors  
Bahrain National Holding Company B.S.C.  
Seef Business District  
Kingdom of Bahrain

13 November 2019

### Introduction

We have reviewed the accompanying 30 September 2019 condensed consolidated interim financial information of Bahrain National Holding B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2019;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2019;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2019;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2019;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2019; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2019 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION


As at 30 September 2019

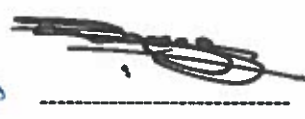
In thousands of Bahraini Dinars

	Note	30 September 2019 (reviewed)	31 December 2018 (audited)
<b>ASSETS</b>			
Cash and cash equivalents	6	5,998	11,181
Placements with banks		12,948	3,497
Insurance and other receivables		12,573	10,324
Financial investments		31,405	31,764
Equity accounted investees		18,103	17,633
Reinsurers' share of insurance technical reserves		15,208	12,442
Deferred acquisition cost		871	634
Investment properties		2,767	2,774
Intangible assets		241	275
Property and equipment		4,037	3,728
Statutory deposits		125	125
<b>Total assets</b>		<b>104,276</b>	<b>94,377</b>
<b>LIABILITIES</b>			
Insurance technical reserves		34,760	31,328
Insurance payables		6,649	4,599
Other provisions and liabilities		7,197	7,096
<b>Total liabilities</b>		<b>48,606</b>	<b>43,023</b>
<b>Net assets</b>		<b>55,670</b>	<b>51,354</b>
<b>EQUITY</b>			
Share capital		11,918	11,918
Treasury shares		(1,868)	(1,868)
Share premium		3,990	3,990
Statutory reserve		5,959	5,959
General reserve		13,585	13,585
Investment fair value reserve		3,996	2,698
Retained earnings		15,390	12,568
<b>Equity attributable to shareholders of the Parent company</b>		<b>52,970</b>	<b>48,850</b>
Non-controlling interest		2,700	2,504
<b>Total equity</b>		<b>55,670</b>	<b>51,354</b>

The condensed consolidated interim financial information was approved by the Board of Directors on 13 November 2019 and signed on its behalf by:

  
Farooq Yusuf Almoayyed  
Chairman

  
Abdulhussain Khalil Dawani  
Vice Chairman

  
Sameer AlWazzan  
Chief Executive Officer

The accompanying notes 1 to 11 are an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the nine months ended 30 September 2019**

In thousands of Bahraini Dinars

	<b>Nine months ended 30 September 2019 (reviewed)</b>	<b>Nine months ended 30 September 2018 (reviewed)</b>	<b>Three months ended 30 September 2019 (reviewed)</b>	<b>Three months ended 30 September 2018 (reviewed)</b>
<b>Gross insurance premiums</b>	<b>27,344</b>	26,987	<b>9,366</b>	9,302
Reinsurers' share of gross insurance premiums	(13,760)	(13,718)	(4,730)	(4,768)
<b>Retained premiums</b>	<b>13,584</b>	13,269	<b>4,636</b>	4,534
Net change in reserve for unearned premiums	(401)	(939)	(137)	(235)
<b>Net premium earned</b>	<b>13,183</b>	12,330	<b>4,499</b>	4,299
<b>Gross claims paid</b>	<b>(15,402)</b>	(14,940)	<b>(4,704)</b>	(5,117)
Claims recoveries	7,671	7,286	2,059	2,538
Outstanding claims adjustment – gross	(1,186)	(3,383)	(200)	(794)
Outstanding claims adjustment – recoveries	1,379	1,712	523	570
<b>Net claims incurred</b>	<b>(7,538)</b>	(9,325)	<b>(2,322)</b>	(2,803)
<b>Gross underwriting profit</b>	<b>5,645</b>	3,005	<b>2,177</b>	1,496
Net commission and fee income / (expense)	96	185	3	(25)
General and administration expenses – underwriting	(3,552)	(2,754)	(1,328)	(963)
Other income	35	20	9	20
<b>Net underwriting profit</b>	<b>2,224</b>	456	<b>861</b>	528
Net investment income	2,540	1,954	1,000	527
Impairment losses on investments	(83)	(8)	(10)	-
Share of profit of equity accounted investees	1,248	1,788	443	400
Net income from road assist services	163	90	79	33
General and administration expenses - non-underwriting	(1,369)	(1,223)	(483)	(447)
Other income	5	-	2	-
<b>Profit for the period</b>	<b>4,728</b>	3,057	<b>1,892</b>	1,041
<b>Profit attributable to:</b>				
Parent company	4,541	2,855	1,777	975
Non-controlling interest	187	202	115	66
	<b>4,728</b>	3,057	<b>1,892</b>	1,041
<b>Basic and diluted earnings per share</b>	<b>40.3 fils</b>	25.7 fils	<b>15.8 fils</b>	8.6 fils



**Farooq Yusuf Almoayyed**  
Chairman



**Abdulhussain Khalil Dawani**  
Vice Chairman



**Sameer AlWazzan**  
Chief Executive Officer

The accompanying notes 1 to 11 are an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine months ended 30 September 2019

*In thousands of Bahraini Dinars*

	<b>Nine months ended 30 September 2019 (reviewed)</b>	<b>Nine months ended 30 September 2018 (reviewed)</b>	<b>Three months ended 30 September 2019 (reviewed)</b>	<b>Three months ended 30 September 2018 (reviewed)</b>
<b>Profit for the period</b>	<b>4,728</b>	<b>3,057</b>	<b>1,892</b>	<b>1,041</b>
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Available-for-sale securities:				
- Net change in fair value	2,368	288	695	254
- Transfer to statement of profit or loss on impairment of securities	70	8	10	8
- Transfer to statement of profit or loss on disposal of securities	(1,066)	(709)	(642)	(245)
Share of other comprehensive income of equity accounted investees	75	(21)	12	21
<b>Other comprehensive income</b>	<b>1,447</b>	<b>(434)</b>	<b>75</b>	<b>38</b>
<b>Total comprehensive income</b>	<b>6,175</b>	<b>2,623</b>	<b>1,967</b>	<b>1,079</b>
<b>Total comprehensive income attributable to:</b>				
Parent company	5,839	2,445	1,839	1,012
Non-controlling interest	336	178	128	67
	<b>6,175</b>	<b>2,623</b>	<b>1,967</b>	<b>1,079</b>

The accompanying notes 1 to 11 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

In thousands of Bahraini Dinars

2019

(reviewed)

	Attributable to the shareholders of the Parent company							Non-controlling interest	Total equity	
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Investment fair value reserve	Retained earnings			Total
Balance as at 1 January	11,918	(1,868)	3,990	5,959	13,585	2,698	12,568	48,850	2,504	51,354
Profit for the period	-	-	-	-	-	-	4,541	4,541	187	4,728
Other comprehensive income	-	-	-	-	-	1,298	-	1,298	149	1,447
<b>Total comprehensive income</b>	-	-	-	-	-	<b>1,298</b>	<b>4,541</b>	<b>5,839</b>	<b>336</b>	<b>6,175</b>
Dividends declared for 2018	-	-	-	-	-	-	(1,689)	(1,689)	(140)	(1,829)
Donations for 2018	-	-	-	-	-	-	(30)	(30)	-	(30)
Appropriations approved by shareholders	-	-	-	-	-	-	(1,719)	(1,719)	(140)	(1,859)
<b>Balance as at 30 September</b>	<b>11,918</b>	<b>(1,868)</b>	<b>3,990</b>	<b>5,959</b>	<b>13,585</b>	<b>3,996</b>	<b>15,390</b>	<b>52,970</b>	<b>2,700</b>	<b>55,670</b>

2018

(reviewed)

	Attributable to the shareholders of the Parent company							Non-controlling interest	Total equity	
	Share capital	Treasury shares	Share premium	Statutory reserve	General reserve	Investment fair value reserve	Retained earnings			Total
Balance at 1 January, as previously reported	11,350	(1,868)	3,990	5,675	13,585	3,355	11,754	47,841	2,479	50,320
Adjustment on initial application of IFRS 15 by non-insurance subsidiary	-	-	-	-	-	-	(75)	(75)	-	(75)
Adjustment on initial application of IFRS 9 by non-insurance equity accounted investee	-	-	-	-	-	-	(241)	(241)	-	(241)
Restated balance at 1 January	11,350	(1,868)	3,990	5,675	13,585	3,355	11,438	47,525	2,479	50,004
Profit for the period	-	-	-	-	-	-	2,855	2,855	202	3,057
Other comprehensive income	-	-	-	-	-	(410)	-	(410)	(24)	(434)
<b>Total comprehensive income</b>	-	-	-	-	-	<b>(410)</b>	<b>2,855</b>	<b>2,445</b>	<b>178</b>	<b>2,623</b>
Bonus shares issued	568	-	-	-	-	-	(568)	-	-	-
Dividends declared for 2017	-	-	-	-	-	-	(1,287)	(1,287)	(102)	(1,389)
Donations for 2017	-	-	-	-	-	-	(10)	(10)	-	(10)
Appropriations approved by shareholders	-	-	-	-	-	-	(1,865)	(1,297)	(102)	(1,399)
<b>Balance as at 30 September</b>	<b>11,918</b>	<b>(1,868)</b>	<b>3,990</b>	<b>5,675</b>	<b>13,585</b>	<b>2,945</b>	<b>12,428</b>	<b>48,673</b>	<b>2,555</b>	<b>51,228</b>

The accompanying notes 1 to 11 are an integral part of this condensed consolidated interim financial information.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 For the nine months ended 30 September 2019

In thousands of Bahraini Dinars

Note	30 September 2019 (reviewed)	30 September 2018 (reviewed)
<b>OPERATING ACTIVITIES</b>		
<b>Insurance operations</b>		
Premiums and commissions received, net of acquisition costs	25,081	26,041
Payments to insurance and reinsurance companies	(12,039)	(12,429)
Claims paid to policyholders	(15,058)	(14,636)
Claims recovered from reinsurers and salvage recoveries	7,509	7,789
<b>Cash flows from insurance operations</b>	<b>5,493</b>	<b>6,765</b>
<b>Investment operations</b>		
Proceeds from sale and redemptions of financial investments	8,959	8,838
Payments for purchases of financial investments	(6,158)	(8,735)
Placements with banks	(12,948)	(1,317)
Proceeds from redemptions of placements with banks	3,497	9,010
Dividends and interests received	1,501	1,315
Dividends received from equity accounted investees	957	1,151
Payment for investment in equity accented investee	(105)	-
Advances for purchase of investment	(23)	(8)
Capitalized expense on investment property	(10)	(2)
Rent received	210	348
<b>Cash flows (used in) / from investment operations</b>	<b>(4,120)</b>	<b>10,600</b>
Expenses paid	(4,767)	(4,164)
<b>Cash flows (used in) / from operating activities</b>	<b>(3,394)</b>	<b>13,201</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment and intangible assets	(93)	(291)
<b>Cash flows used in investing activities</b>	<b>(93)</b>	<b>(291)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	(1,461)	(1,481)
Dividends paid to non-controlling interest	(140)	(102)
Donations paid	(22)	(26)
Payment of lease liabilities	(73)	-
<b>Cash flows used in financing activities</b>	<b>(1,696)</b>	<b>(1,609)</b>
<b>Net change in cash and cash equivalents</b>	<b>(5,183)</b>	<b>11,301</b>
Cash and cash equivalents as at 1 January	11,181	3,097
<b>Cash and cash equivalents as at 30 September</b>	<b>5,998</b>	<b>14,398</b>

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The accompanying notes 1 to 11 are an integral part of these condensed consolidated interim financial information.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

For the nine months ended 30 September 2019

*In thousands of Bahraini Dinars*

**1 REPORTING ENTITY**

Bahrain National Holding B.S.C (the "Company") is domiciled in Kingdom of Bahrain. These condensed consolidated interim financial information as at and for the nine-month period ended 30 September 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activities of the Group are to transact in insurance and investment activities.

The Company's registered office is at 9th floor, BNH Tower, Seef Business District, Manama, Kingdom of Bahrain, P.O. Box 843.

During the period, the Group has acquired 1,048 shares of Health 360 Ancillary Services W.L.L for BD 105 which represents 26.2% ownership interest.

**2 BASIS OF PREPARATION**

These interim financial information have been prepared in accordance with IAS 34, "*Interim Financial Reporting*", and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ("last annual consolidated financial statements"). They do not include all the information required for a complete set of International Financial Reporting Standards (IFRS) financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2018. This condensed consolidated interim financial information was authorised for issue by the Company's Board of Directors on 13 November 2019.

Except as described below, this condensed consolidated interim financial information for the nine months ended 30 September 2019 have been prepared using the same accounting policies and methods of computation used by the Group in its consolidated financial statements as at and for the year ended 31 December 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The condensed consolidated interim financial information is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the Group's audited consolidated financial statements as at and for the year ended 31 December 2018 and the corresponding figures for the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows have been extracted from the Group's 30 September 2018 reviewed condensed consolidated interim financial information.

**3 CHANGES IN ACCOUNTING POLICIES**

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in this condensed consolidated interim financial information.

The Group applied IFRS 16 with a date of initial application of 1 January 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

For the nine months ended 30 September 2019

*In thousands of Bahraini Dinars*

**3 CHANGES IN ACCOUNTING POLICIES (continued)**

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group applied IFRS 16 using the modified retrospective approach and therefore the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

**(a) Definition of a lease:**

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

**(b) As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group has elected not to recognise right-of-use assets and lease liability for some leases of low value assets and to some short term leases. For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.

**Leases classified as operating leases under IAS 17**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group has applied this approach to all leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

For the nine months ended 30 September 2019

*In thousands of Bahraini Dinars*

**3 CHANGES IN ACCOUNTING POLICIES (continued)**

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**(c) As a lessor**

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

**(d) Impact of adopting IFRS 16**

On transition to IFRS 16, the Group recognised BD 641 thousand of right-of-use assets in property and equipment and BD 641 thousand of lease liabilities in provisions and other liabilities.

**4 USE OF JUDGEMENTS AND ESTIMATES**

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

**5 SEASONALITY OF INTERIM OPERATIONS**

As a result of the seasonality / cyclicity associated with the insurance business, gross premiums written and claims incurred over the financial year are not evenly spread out. This seasonality / cyclicity of gross written premium does not however, have any material impact on the Group's underwriting result as the premiums are taken to income over the terms of the related contracts or policies. Claims are not cyclical and could impact reported result for each interim period. Dividend income is also of a cyclical nature and is usually declared and received in the first half of each year.

**6 CASH AND CASH EQUIVALENTS**

	<b>30 September 2019</b>	<b>31 December 2018</b>
Cash and bank current accounts	5,998	4,089
Placements with maturity of less than 3 months	-	6,102
T-bills with maturity of less than 3 months	-	990
	<b>5,998</b>	<b>11,181</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

For the nine months ended 30 September 2019

*In thousands of Bahraini Dinars*

**7 APPROPRIATIONS**

At the Annual General Meeting held on 27 March 2019, the following appropriations were approved which have been affected during the period:

	2018	2017
Dividends to shareholders	1,689	1,287
Bonus shares to shareholders	-	568
Donations	30	10

The directors' remuneration of BD 106 thousand for the financial year ended 31 December 2018 (2017: BD 116 thousand) was also approved by the shareholders at the Annual General Meeting held on 27 March 2019.

The appropriations for the financial year ending 31 December 2019 will be made in the next Annual General Meeting.

**8 OPERATING SEGMENTS**

For operational and management reporting purposes, the Group is organized into five business segments: "Motor Insurance", "Property and General Insurance", "Medical Insurance", "Life Assurance" and "Corporate".

Motor Insurance segment comprises motor comprehensive insurance covers and third party insurance covers and other services related to motor.

Property and General Insurance segment comprises property, general accidents, engineering, marine and aviation.

Medical Insurance segment comprises medical insurance products.

Life Assurance segment comprises group life, group credit life, decrease in term assurance, level term assurance and saving scheme plans.

Corporate segment comprises administrative and financial operations services for the Group's companies.

These segments are the basis on which the Group reports its primary segment information.

The following table present underwriting and profit information about the Group's operating segments for the nine months ended 30 September 2019 and 2018, respectively:

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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In thousands of Bahraini Dinars

## 8 OPERATING SEGMENTS (continued)

30 September 2019 (reviewed)	Motor	Property & General	Medical	Life Assurance	Corporate	Consolidation adjustments	Total
Gross insurance premiums	9,216	10,151	5,932	2,257	-	(212)	27,344
Net premiums earned	9,612	934	2,008	723	-	(94)	13,183
Net claims incurred	(5,820)	(227)	(1,148)	(487)	-	144	(7,538)
General and administration expenses - underwriting	(2,448)	(768)	(275)	(215)	-	154	(3,552)
Net commission (expense) / and fee income	(264)	682	(285)	(37)	-	-	96
Other income	14	12	5	4	-	-	35
Underwriting profit	1,094	633	305	(12)	-	204	2,224
Net investment income	1,128	1,128	187	368	515	(786)	2,540
Impairment losses on investment	(30)	(30)	(5)	(18)	-	-	(83)
Share of profit of equity accounted investees	-	-	-	-	536	712	1,248
Net income from road assist services	163	-	-	-	-	-	163
Corporate services fees	-	-	-	-	448	(448)	-
General and administration expenses - non-underwriting	(258)	(113)	(48)	(29)	(1,392)	471	(1,369)
Other income	-	-	-	-	5	-	5
<b>Segment results</b>	<b>2,097</b>	<b>1,618</b>	<b>439</b>	<b>309</b>	<b>112</b>	<b>153</b>	<b>4,728</b>

30 September 2018 (reviewed)	Motor	Property & General	Medical	Life Assurance	Corporate	Consolidation adjustments	Total
Gross insurance premiums	9,684	10,274	5,025	2,192	-	(188)	26,987
Net premiums earned	9,485	781	1,479	668	-	(83)	12,330
Net claims incurred	(7,609)	(448)	(947)	(348)	-	27	(9,325)
General and administration expenses - underwriting	(1,877)	(636)	(173)	(197)	-	129	(2,754)
Net commission (expense) / and fee income	(277)	611	(216)	67	-	-	185
Other income	4	9	3	4	-	-	20
Underwriting (loss) / profit	(274)	317	146	194	-	73	456
Net investment income	902	902	147	404	585	(986)	1,954
Impairment losses on investment	(2)	(2)	(1)	(3)	-	-	(8)
Share of profit of equity accounted investees	-	-	-	-	1,494	294	1,788
Net income from road assist services	90	-	-	-	-	-	90
Corporate Services fees	-	-	-	-	444	(444)	-
General and administration expenses - non-underwriting	(252)	(113)	(49)	(30)	(1,241)	462	(1,223)
<b>Segment results</b>	<b>464</b>	<b>1,104</b>	<b>243</b>	<b>565</b>	<b>1,282</b>	<b>(601)</b>	<b>3,057</b>

Assets and liabilities are not reported on segment basis as these are managed on an aggregate basis.

Cash flows relating to segments are not disclosed separately as these are managed on an aggregate basis.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

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*In thousands of Bahraini Dinars***9 RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties include transactions with associate companies, key management personnel including Directors of the Company and other companies in which the Directors control.

Key management personnel of the Group comprise of Chief Executive Officer, Chief Financial Officer, General Managers, Deputy General Manager and Board of Directors having authority and responsibility for planning, directing and controlling the activities of the Group.

The related party transactions and balances included in these financial statements are as follows:

**a) Related party balances**

<b>30 September 2019 (reviewed)</b>	<b>Parent's associates</b>	<b>Key management personnel</b>	<b>Companies in which Directors' control</b>	<b>Total</b>
Insurance receivables	691	1	418	<b>1,110</b>
Retirement and saving plan obligation	693	-	73	<b>766</b>
Insurance payables	29	-	9	<b>38</b>
Other liabilities	-	-	1,741	<b>1,741</b>

<b>31 December 2018 (audited)</b>	<b>Parent's associates</b>	<b>Key management personnel</b>	<b>Companies in which Directors' control</b>	<b>Total</b>
Insurance receivables	597	1	345	943
Retirement and saving plan obligation	609	-	67	676
Insurance payables	-	-	12	12
Other liabilities	-	-	1,181	1,181

**b) Transactions with related parties**

<b>30 September 2019 (reviewed)</b>	<b>Parent's associates</b>	<b>Key management personnel</b>	<b>Companies in which Directors' control</b>	<b>Total</b>
Gross insurance premiums	700	6	1,007	<b>1,713</b>
Reinsurer's share of insurance premiums	2	-	-	<b>2</b>
Gross claims paid	167	1	175	<b>343</b>
Claims recoveries	136	-	-	<b>136</b>
Commission and fee expenses	41	-	-	<b>41</b>
Retirement and saving plan contributions received	88	-	7	<b>95</b>
Retirement and saving plan benefits paid	49	-	5	<b>54</b>
General and administration expenses	-	594	114	<b>708</b>
Purchases of equipment	-	-	22	<b>22</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

For the nine months ended 30 September 2019

*In thousands of Bahraini Dinars***9 RELATED PARTIES (continued)**

30 September 2018 (reviewed)	Parent's associates	Key management personnel	Companies in which Directors control	Total
Gross insurance premiums	449	5	1,228	1,682
Reinsurer's share of insurance premiums	13	-	-	13
Gross claims paid	171	1	261	433
Claims recoveries	231	-	-	231
Commission and fee expenses	21	-	-	21
Retirement and saving plan contributions received	85	-	7	92
Retirement and saving plan benefits paid	35	-	-	35
General and administration expenses	-	563	86	649
Purchases of equipment	-	-	48	48

**10 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer liability in an ordinary transaction between market participant at the measurement date in the principle or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

**Fair value hierarchy**

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1**  
quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2**  
inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**  
inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2019

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## 10 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 September 2019 (reviewed)	Level 1	Level 2	Level 3	Total	Carrying Value
Available-for-sale investments	24,321	1,734	-	26,055	26,055
Securities carried at fair value through profit or loss	1,682	38	-	1,720	1,720
	<b>26,003</b>	<b>1,772</b>	<b>-</b>	<b>27,775</b>	<b>27,775</b>

31 December 2018 (audited)	Level 1	Level 2	Level 3	Total	Carrying Value
Available-for-sale investments	22,981	2,650	-	25,631	25,631
Securities carried at fair value through profit or loss	1,870	96	-	1,966	1,966
	<b>24,851</b>	<b>2,746</b>	<b>-</b>	<b>27,597</b>	<b>27,597</b>

During the period, there were no transfers between level 1 and 2, also there were no transfers out of, or into, the level 3 measurement classification.

Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying amount of the Group's held-to-maturity investments equals BD 3,450 thousand (31 December 2018: BD 3,989 thousand) whereas the fair value of the investments is BD 3,589 thousand (31 December 2018: BD 4,036 thousand). The investments in available-for-sale securities include investments in unlisted securities and managed funds at cost and having carrying value of BD 175 thousand (31 December 2018: BD 173 thousand) and BD 5 thousand (31 December 2018: BD 5 thousand), respectively.

The carrying amount of the Group's other financial assets and liabilities approximate their fair values due to their short term nature.

## 11 COMPARATIVE

Certain corresponding figures of 2018 have been regrouped where necessary to conform to the current period's presentation. Such regrouping did not affect previously reported total assets, total liabilities, equity, profit or loss and comprehensive income.