

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

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**30 June 2021**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

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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	- General Manager
Rayan Al Mahmood	- Acting Deputy General Manager
Mohammed Al Maraj	- 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

KFin Technologies (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>Sitra</b>	Building No. 946, Road No. 115 Sitra 601
<b>Muharraq</b>	Shop No. 2, Ground Floor, Promoseven Holding Building 1130 N Road 1531, Block 215, Al Ghous Highway, Muharraq	<b>Zinj</b>	Manama Plaza, Building No. 63, Shop No. P61, Abdul Rahman Jassim Kanoo Avenue, Manama/Bu Ashira 332
<b>Sanad</b>	BNH Building 1809, Al Estiglal Highway, Road 4634, Al Nuwaidrat 646	<b>Tubli</b>	Toyota Plaza, Building No. 959 Tubli Service Road, Road 126 Block 701, Tubli



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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

10 August 2021

### Introduction

We have reviewed the accompanying 30 June 2021 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 June 2021;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2021; 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 June 2021 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

### Other matter

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain vide its circular OG/124/2020 dated 30 March 2020 had exempted all public shareholding companies and locally incorporated banks from preparation and publication of condensed consolidated interim financial information for the three-month period ended 31 March 2020. We have not reviewed the comparative information presented for the three-month period ended 30 June 2020 in the condensed consolidated statement of profit or loss and statement of comprehensive income, which has been extracted from management accounts of the Group and, we do not express any review conclusion on them.




Bahrain National Holding Company B.S.C.


CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 30 June 2021

In thousands of Bahraini Dinars

	Note	30 June 2021 (reviewed)	31 December 2020 (audited)
<b>ASSETS</b>			
Cash and cash equivalents		5,545	5,991
Placements with banks		12,925	12,962
Insurance receivables		10,662	7,914
Financial investments		38,015	35,967
Equity accounted investees	5	19,219	18,885
Reinsurers' share of insurance technical reserves		18,546	19,399
Deferred acquisition cost		964	814
Other assets		1,978	1,965
Investment properties		2,482	2,564
Intangible assets		285	271
Property and equipment		3,675	3,825
Statutory deposits		130	129
<b>Total assets</b>		<b>114,426</b>	<b>110,686</b>
<b>LIABILITIES</b>			
Insurance technical reserves		39,358	37,508
Insurance payables		8,204	6,608
Other provisions and liabilities		4,959	6,101
<b>Total liabilities</b>		<b>52,521</b>	<b>50,217</b>
<b>Net assets</b>		<b>61,905</b>	<b>60,469</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		6,219	5,596
Retained earnings		18,666	18,071
<b>Equity attributable to shareholders of the Parent company</b>		<b>58,469</b>	<b>57,251</b>
Non-controlling interest		3,436	3,218
<b>Total equity</b>		<b>61,905</b>	<b>60,469</b>

The condensed consolidated interim financial information was approved by the Board of Directors on 10 August 2021 and signed on its behalf by:

  
-----  
**Farooq Yusuf Almoayyed**  
Chairman

  
-----  
**Abdulhussain Khalil Dawani**  
Vice Chairman

  
-----  
**Sameer AlWazzan**  
Chief Executive

The accompanying notes 1 to 12 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

In thousands of Bahraini Dinars

	Six months ended 30 June 2021 (reviewed)	Six months ended 30 June 2020 (reviewed)	Three months ended 30 June 2021 (reviewed)	Three months ended 30 June 2020 (unreviewed)
Gross insurance premiums	20,519	18,539	9,851	8,610
Reinsurers' share of gross insurance premiums	(10,471)	(9,628)	(5,724)	(4,758)
<b>Retained premiums</b>	<b>10,048</b>	<b>8,911</b>	<b>4,127</b>	<b>3,852</b>
Net change in reserve for unearned premiums	(1,266)	(504)	253	280
<b>Net premium earned</b>	<b>8,782</b>	<b>8,407</b>	<b>4,380</b>	<b>4,132</b>
Gross claims paid	(9,486)	(11,529)	(5,075)	(5,655)
Claims recoveries	5,668	5,913	2,837	2,937
Outstanding claims adjustment – Gross	12	(1,144)	93	(1,772)
Outstanding claims adjustment – Recoveries	(1,036)	1,771	(400)	1,958
<b>Net claims incurred</b>	<b>(4,842)</b>	<b>(4,989)</b>	<b>(2,545)</b>	<b>(2,532)</b>
<b>Gross underwriting profit</b>	<b>3,940</b>	<b>3,418</b>	<b>1,835</b>	<b>1,600</b>
Net commission and fee income	274	210	117	93
Impairment losses on insurance receivables	(219)	(97)	(154)	(46)
General and administration expenses – underwriting	(2,189)	(1,925)	(1,068)	(905)
Other underwriting income	239	331	238	323
<b>Net underwriting profit</b>	<b>2,045</b>	<b>1,937</b>	<b>968</b>	<b>1,065</b>
Net investment income	1,580	1,372	541	587
Impairment losses on investments	(108)	(138)	(48)	(16)
Share of profit / (loss) of equity accounted investees	734	253	349	(30)
Net income from road assist services	143	153	75	88
General and administration expenses - non-underwriting	(1,128)	(1,140)	(607)	(527)
Other income	-	117	-	116
<b>Profit for the period</b>	<b>3,266</b>	<b>2,554</b>	<b>1,278</b>	<b>1,283</b>
<b>Profit attributable to:</b>				
Parent company	3,142	2,410	1,257	1,237
Non-controlling interest	124	144	21	46
	<b>3,266</b>	<b>2,554</b>	<b>1,278</b>	<b>1,283</b>
<b>Basic and diluted earnings per share</b>	<b>27.9 fils</b>	<b>21.4 fils</b>	<b>11.2 fils</b>	<b>11.0 fils</b>



Farooq Yusuf Almoayyed  
Chairman



Abdulhussain Khalil Dawani  
Vice Chairman



Sameer AlWazzan  
Chief Executive

The accompanying notes 1 to 12 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

In thousands of Bahraini Dinars

	Six months ended 30 June 2021 (reviewed)	Six months ended 30 June 2020 (reviewed)	Three months ended 30 June 2021 (reviewed)	Three months ended 30 June 2020 (unreviewed)
<b>Profit for the period</b>	<b>3,266</b>	<b>2,554</b>	<b>1,278</b>	<b>1,283</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	1,211	(1,191)	1,396	1,918
- Transfer to profit or loss on impairment of securities	108	138	48	16
- Transfer to profit or loss on disposal of securities	(636)	(438)	(324)	(333)
Share of other comprehensive income of equity accounted investee	34	(124)	119	(174)
<b>Other comprehensive income</b>	<b>717</b>	<b>(1,615)</b>	<b>1,239</b>	<b>1,427</b>
<b>Total comprehensive income</b>	<b>3,983</b>	<b>939</b>	<b>2,517</b>	<b>2,710</b>
<b>Total comprehensive income attributable to:</b>				
Parent company	3,765	898	2,391	2,490
Non-controlling interest	218	41	126	220
	<b>3,983</b>	<b>939</b>	<b>2,517</b>	<b>2,710</b>



Farooq Yusuf Almoayyed  
Chairman



Abdulhussain Khalil Dawani  
Vice Chairman



Sameer AlWazzan  
Chief Executive

The accompanying notes 1 to 12 are an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

In thousands of Bahraini Dinars

2021

(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	5,596	18,071	57,251	3,218	60,469
Profit for the period	-	-	-	-	-	-	3,142	3,142	124	3,266
Other comprehensive income	-	-	-	-	-	623	-	623	94	717
<b>Total comprehensive income</b>	-	-	-	-	-	<b>623</b>	<b>3,142</b>	<b>3,765</b>	<b>218</b>	<b>3,983</b>
Dividends declared for 2020	-	-	-	-	-	-	(2,477)	(2,477)	-	(2,477)
Donations for 2020	-	-	-	-	-	-	(70)	(70)	-	(70)
<b>Appropriations approved by shareholders</b>	-	-	-	-	-	-	<b>(2,547)</b>	<b>(2,547)</b>	-	<b>(2,547)</b>
<b>Balance as at 30 June</b>	<b>11,918</b>	<b>(1,868)</b>	<b>3,990</b>	<b>5,959</b>	<b>13,585</b>	<b>6,219</b>	<b>18,666</b>	<b>58,469</b>	<b>3,436</b>	<b>61,905</b>

2020

(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	4,615	15,641	53,840	2,815	56,655
Profit for the period	-	-	-	-	-	-	2,410	2,410	144	2,554
Other comprehensive income	-	-	-	-	-	(1,512)	-	(1,512)	(103)	(1,615)
Total comprehensive income	-	-	-	-	-	(1,512)	2,410	898	41	939
Dividends declared for 2019	-	-	-	-	-	-	(2,477)	(2,477)	-	(2,477)
Donations for 2019	-	-	-	-	-	-	(30)	(30)	-	(30)
<b>Appropriations approved by shareholders</b>	-	-	-	-	-	-	<b>(2,507)</b>	<b>(2,507)</b>	-	<b>(2,507)</b>
<b>Balance as at 30 June</b>	<b>11,918</b>	<b>(1,868)</b>	<b>3,990</b>	<b>5,959</b>	<b>13,585</b>	<b>3,103</b>	<b>15,544</b>	<b>52,231</b>	<b>2,856</b>	<b>55,087</b>

The accompanying notes 1 to 12 are an integral part of this condensed consolidated interim financial information.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six months ended 30 June 2021**
*In thousands of Bahraini Dinars*

	<b>30 June 2021</b> <b>(reviewed)</b>	<b>30 June 2020</b> <b>(reviewed)</b>
<b>OPERATING ACTIVITIES</b>		
<b>Insurance operations</b>		
Premiums and commissions received, net of acquisition costs	18,461	17,856
Payments to insurance and reinsurance companies	(8,263)	(10,019)
Claims paid to policyholders	(10,298)	(11,058)
Claims recovered from insurers, reinsurers and salvage recoveries	4,146	6,552
<b>Cash flows from insurance operations</b>	<b>4,046</b>	<b>3,331</b>
<b>Investment operations</b>		
Proceeds from sale and redemptions of financial investments	5,948	11,372
Purchases and advances of investments	(6,625)	(12,319)
Bank deposits with maturities of more than three months	(12,537)	(4,403)
Proceeds from redemptions of placements with banks	12,573	9,721
Dividends and interests received	1,048	1,021
Dividends received from equity accounted investees	526	789
Capitalized expense on investment property	(2)	-
Rent received	181	149
<b>Cash flows from investment operations</b>	<b>1,112</b>	<b>6,330</b>
Expenses paid	(2,987)	(2,779)
<b>Cash flows from operating activities</b>	<b>2,171</b>	<b>6,882</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment and intangible assets	(92)	(93)
<b>Cash flows used in investing activities</b>	<b>(92)</b>	<b>(93)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid to shareholders	(2,478)	(1,981)
Donations paid	(5)	(80)
Payment of lease liabilities	(42)	(40)
<b>Cash flows used in financing activities</b>	<b>(2,525)</b>	<b>(2,101)</b>
<b>Net change in cash and cash equivalents</b>	<b>(446)</b>	<b>4,688</b>
Cash and cash equivalents as at 1 January	5,991	4,254
<b>Cash and cash equivalents as at 30 June</b>	<b>5,545</b>	<b>8,942</b>

The accompanying notes 1 to 12 are an integral part of this condensed consolidated interim financial information.

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

**For the six months ended 30 June 2021**

*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 six-month period ended 30 June 2021 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.

**2 BASIS OF ACCOUNTING AND MEASUREMENT**

This condensed consolidated interim financial information has 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 2020 ("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 2020. This condensed consolidated interim financial information was authorised for issue by the Group's Board of Directors on 10 August 2021.

The condensed consolidated interim financial information for the six months ended 30 June 2021 has 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 2020. There were no new or amended standards effective for annual periods beginning on or after 1 January 2021 that have significant impact on the Group.

The condensed consolidated interim financial information is reviewed, not audited.

**3 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 this 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 2020.

**4 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 during the six-month period ended 30 June 2021 is also of a cyclical nature and is usually declared and received in the first half of each year.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

In thousands of Bahraini Dinars

## 5 EQUITY ACCOUNTED INVESTEEES

## a) Interests in associates

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of the entity	Location of business / country	Percentage of ownership interest		Nature of relationship	Principal activities
		2021	2020		
National Finance House B.S.C. (c)	Kingdom of Bahrain	34.93%	34.93%	Associate	Engaged in consumer and auto finance business
Al Kindi Specialized Hospital W.L.L.	Kingdom of Bahrain	27%	27%	Associate	Engaged in providing private medical services
United Insurance Company B.S.C. (c)	Kingdom of Bahrain	20%	20%	Associate	Primarily provides insurance coverage for motor vehicles
Arabian Shield Cooperative Insurance Company	Kingdom of Saudi Arabia	15%	15%	Associate	Transact various types of general insurance business
Health 360 Ancillary Services W.L.L.	Kingdom of Bahrain	20.0%	26.2%	Associate	Processing insurance claims as a third-party administrator
Prime Dialysis B.S.C. (c)	Kingdom of Bahrain	24.0%	-	Associate	Provider of dialysis and related services

## b) The movement in the investment in equity accounted investees is as follows:

30 June 2021 (reviewed)	National Finance House	Al Kindi Specialised Hospital	United Insurance Company	Arabian Shield Cooperative Insurance Company *	Health 360 Ancillary Services	Prime Dialysis	Total
Opening balance	5,365	1,873	2,761	8,711	175	-	18,885
Investments	-	-	-	-	15	77	92
Share of profit	258	54	132	289	1	-	734
Dividends	(157)	(45)	(300)	-	(24)	-	(526)
Share of other comprehensive income	-	-	(42)	76	-	-	34
	<b>5,466</b>	<b>1,882</b>	<b>2,551</b>	<b>9,076</b>	<b>167</b>	<b>77</b>	<b>19,219</b>

31 December 2020 (audited)	National Finance House	Al Kindi Specialised Hospital	United Insurance Company	Arabian Shield Cooperative Insurance Company *	Health 360 Ancillary Services	Total
Opening balance	5,235	1,783	2,985	8,378	139	18,520
Share of (loss) / profit	(165)	15	218	134	51	253
Dividends	-	(30)	(550)	-	-	(580)
Share of other comprehensive income	-	58	(101)	(81)	-	(124)
	<b>5,070</b>	<b>1,826</b>	<b>2,552</b>	<b>8,431</b>	<b>190</b>	<b>18,069</b>

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

**For the six months ended 30 June 2021**

*In thousands of Bahraini Dinars*

**5 EQUITY ACCOUNTED INVESTEEES (continued)**

\* The market value of Group's investments in Arabian Shield Cooperative Insurance Company based on the price quoted in Saudi Stock Exchange as at 30 June 2021 was BD 14,813 thousand (31 December 2020: BD 10,915 thousand).

**c) Reporting dates of financial information of equity accounted investees**

For equity accounting and for disclosing financial information of the Arabian Shield Cooperative Insurance Company, the information taken from the audited statements for the year ended 31 December 2020 and for the three- month period ended 31 March 2021. For the other associates, the information is taken from the financial information for the six-month period ended 30 June 2021 and for the year ended 31 December 2020.

**6 APPROPRIATIONS**

At the Annual General Meeting held on 25 March 2021, the Company's shareholders approved the Board of Directors' proposal to pay dividends of BD 0.022 per share, amounting to BD 2,477 thousand for the financial year ended 31 December 2020 (2019: BD 0.022 per share, amounting BD 2,477 thousand).

The directors' remuneration of BD 182 thousand for the financial year ended 31 December 2020 (2019: BD 199 thousand) was also approved by the shareholders at the Annual General Meeting held on 25 March 2021.

The appropriations for the financial year ending 31 December 2021 will be made in the next Annual General Meeting.

**7 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.

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

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

**For the six months ended 30 June 2021**

*In thousands of Bahraini Dinars*

**7 OPERATING SEGMENTS (continued)**

The following table present underwriting and profit information about the Group's operating segments for the six months ended 30 June 2021 and 2020, respectively:

<b>30 June 2021 (reviewed)</b>	<b>Motor</b>	<b>Property &amp; General</b>	<b>Medical</b>	<b>Life Assurance</b>	<b>Corporate</b>	<b>Consolidation adjustments</b>	<b>Total</b>
<b>Gross insurance premiums</b>	<b>5,659</b>	<b>7,171</b>	<b>6,045</b>	<b>1,852</b>	-	<b>(208)</b>	<b>20,519</b>
<b>Net premiums earned</b>	<b>5,471</b>	<b>521</b>	<b>2,346</b>	<b>517</b>	-	<b>(73)</b>	<b>8,782</b>
Net claims incurred	(2,770)	(59)	(1,495)	(560)	-	42	(4,842)
Impairment losses on insurance receivables	(92)	(84)	(42)	(1)	-	-	(219)
General and administration expenses - underwriting	(1,184)	(497)	(435)	(172)	-	99	(2,189)
Net commission (expense) / and fee income	(124)	386	(16)	28	-	-	274
Other income	-	238	-	1	-	-	239
<b>Underwriting profit</b>	<b>1,301</b>	<b>505</b>	<b>358</b>	<b>(187)</b>	-	<b>68</b>	<b>2,045</b>
Net investment income	624	624	102	343	243	(356)	1,580
Impairment losses on investment	(32)	(32)	(10)	(34)	-	-	(108)
Share of profit of equity accounted investees	-	-	-	-	602	132	734
Net income from road assist services	143	-	-	-	-	-	143
Corporate services fees income	9	-	-	-	349	(358)	-
General and administration expenses - non-underwriting	(185)	(87)	(46)	(31)	(1,152)	373	(1,128)
<b>Segment results</b>	<b>1,860</b>	<b>1,010</b>	<b>404</b>	<b>91</b>	<b>42</b>	<b>(141)</b>	<b>3,266</b>

<b>30 June 2020 (reviewed)</b>	<b>Motor</b>	<b>Property &amp; General</b>	<b>Medical</b>	<b>Life Assurance</b>	<b>Corporate</b>	<b>Consolidation adjustments</b>	<b>Total</b>
<b>Gross insurance premiums</b>	<b>5,979</b>	<b>7,190</b>	<b>4,073</b>	<b>1,511</b>	-	<b>(214)</b>	<b>18,539</b>
<b>Net premiums earned</b>	<b>5,870</b>	<b>589</b>	<b>1,588</b>	<b>427</b>	-	<b>(67)</b>	<b>8,407</b>
Net claims incurred	(3,503)	(240)	(1,016)	(272)	-	42	(4,989)
Impairment losses on insurance receivables	(62)	(30)	(6)	1	-	-	(97)
General and administration expenses - underwriting	(1,140)	(446)	(275)	(159)	-	95	(1,925)
Net commission (expense) / and fee income	(140)	412	(90)	28	-	-	210
Other income	186	89	28	28	-	-	331
<b>Underwriting profit</b>	<b>1,211</b>	<b>374</b>	<b>229</b>	<b>53</b>	-	<b>70</b>	<b>1,937</b>
Net investment income	583	583	100	336	377	(607)	1,372
Impairment losses on investment	(27)	(27)	(20)	(64)	-	-	(138)
Share of profit of equity accounted investees	-	-	-	-	34	219	253
Net income from road assist services	153	-	-	-	-	-	153
Corporate services fees income	9	-	-	-	307	(316)	-
General and administration expenses - non-underwriting	(172)	(75)	(37)	(23)	(1,161)	328	(1,140)
Other income	6	-	-	-	111	-	117
<b>Segment results</b>	<b>1,763</b>	<b>855</b>	<b>272</b>	<b>302</b>	<b>(332)</b>	<b>(306)</b>	<b>2,554</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****For the six months ended 30 June 2021***In thousands of Bahraini Dinars***7 OPERATING SEGMENTS (continued)**

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.

**8 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, Deputy 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 this condensed consolidated interim financial information are as follows:

**a) Related party balances**

<b>30 June 2021 (reviewed)</b>	<b>Associates</b>	<b>Key management personnel</b>	<b>Companies in which Directors control</b>	<b>Total</b>
Insurance receivables	186	2	369	<b>557</b>
Other assets	65	-	-	<b>65</b>
Retirement and saving plan obligation	595	-	67	<b>662</b>
Insurance payables	10	-	1	<b>11</b>
Other liabilities	-	-	493	<b>493</b>

<b>31 December 2020 (audited)</b>	<b>Associates</b>	<b>Key management personnel</b>	<b>Companies in which Directors control</b>	<b>Total</b>
Insurance receivables	290	3	460	<b>753</b>
Other assets	5	5	-	<b>10</b>
Retirement and saving plan obligation	587	-	62	<b>649</b>
Insurance payables	35	-	10	<b>45</b>
Other liabilities	-	-	741	<b>741</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

*In thousands of Bahraini Dinars*

## 8 RELATED PARTIES (continued)

## b) Transactions with related parties

30 June 2021 (reviewed)	Associates	Key management personnel	Companies in which Directors control	Total
Gross insurance premiums	370	5	696	1,071
Gross claims paid	178	29	114	321
Claims recoveries	46	-	-	46
Dividend received	526	-	-	526
Retirement and saving plan contributions received	43	-	3	46
Retirement and saving plan benefits paid	55	-	-	55
General and administration expenses	55	530	133	718
Purchases of property and equipment	-	-	1	1

30 June 2020 (reviewed)	Associates	Key management personnel	Companies in which Directors control	Total
Gross insurance premiums	355	3	651	1,009
Gross claims paid	237	-	88	325
Claims recoveries	105	-	-	105
Commission and fee expenses	11	-	-	11
Dividend received	580	-	-	580
Retirement and saving plan contributions received	46	-	4	50
Retirement and saving plan benefits paid	120	-	6	126
General and administration expenses	16	442	86	544
Purchases of property and equipment	-	-	2	2

## 9 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

In thousands of Bahraini Dinars

## 9 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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.

<b>30 June 2021 (reviewed)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying Value</b>
Available-for-sale investments	19,990	11,964	136	<b>32,090</b>	<b>32,090</b>
Securities carried at fair value through profit or loss	1,101	986	-	<b>2,087</b>	<b>2,087</b>
	<b>21,091</b>	<b>12,950</b>	<b>136</b>	<b>34,177</b>	<b>34,177</b>

<b>31 December 2020 (audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying Value</b>
Available-for-sale investments	16,750	12,661	136	29,547	29,547
Securities carried at fair value through profit or loss	1,097	1,188	-	2,285	2,285
	<b>17,847</b>	<b>13,849</b>	<b>136</b>	<b>31,832</b>	<b>31,832</b>

The investments in available-for sale securities include investment in unlisted managed funds carried at cost and having carrying value of nil (2020: BD 5 thousand).

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 3,838 thousand (31 December 2020: BD 4,130 thousand) whereas the fair value of the investments is BD 4,085 thousand (31 December 2020: BD 4,419 thousand).

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



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

**For the six months ended 30 June 2021**

*In thousands of Bahraini Dinars*

**10 INVESTMENT PROPERTIES**

The Group has investment properties which are carried at cost less accumulated depreciation of BD 2,482 thousand (31 December 2020: BD 2,564 thousand). As at 30 June 2021, the Group's management assessment determined that there were no indicators of impairment or significant changes in fair value of investment properties as compared to the recent detailed valuation performed by the Group's external, independent property valuers, as of 31 December 2020.

**11 SIGNIFICANT EVENT – COVID-19**

The outbreak of the novel Coronavirus (COVID-19) has rapidly evolved across the region and globally. As a result, governments and authorities, including the Government of the Kingdom of Bahrain, have implemented several measures to contain the spread of the virus such as suspension of flights from/to various countries, other travel restrictions and quarantines and have also announced various support measures to counter adverse economic implications. These measures and policies have caused significant disruption in the operation of many companies around the globe. COVID-19 has also brought about significant uncertainties in the global economic environment.

The Board of Directors has considered the potential impacts of the current economic downturn and uncertainty involved in the determination of the reported amounts of the Group's financial and non-financial assets and liabilities in this condensed consolidated interim financial information, and they are considered to represent management's best assessment based on available and observable information. Based on this assessment, no material impact on the Group's condensed consolidated interim financial information has been noted to date.

During 2020, the Government of the Kingdom of Bahrain has granted subsidies of BD 393 thousand towards staff costs, BD 35 thousand towards utility charges and BD 6 thousand towards land rental fees, to counter adverse economic implications. These amounts have been presented in the other income line in the consolidated statement of profit or loss for the period ended 30 June 2020.

**12 COMPARATIVES**

Due to the outbreak of the novel coronavirus (COVID-19) in early 2020, the Central Bank of Bahrain had exempted all public shareholding companies and locally incorporated banks from preparation and publication of their interim financial information for the three-month period ended 31 March 2020. Accordingly, the 30 June 2020 condensed consolidated interim financial information was the first interim period for 2020 and only included results for the cumulative six-month period ended 30 June 2020. In the current period interim financial information, the comparatives for:

- a) the condensed consolidated statement of financial position have been extracted from the audited consolidated financial statements for the year ended 31 December 2020;
- b) the condensed consolidated statements of profit or loss, other comprehensive income, changes in equity, and cash flows, for the six-month period ended 30 June 2020 have been extracted from the reviewed condensed consolidated interim financial information of the Group for the six month period ended 30 June 2020; and

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

**For the six months ended 30 June 2021**

*In thousands of Bahraini Dinars*

**12 COMPARATIVES**

- c) the condensed consolidated statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2020 have been extracted from the management accounts of the Group that was used to prepare the reviewed condensed consolidated interim financial information of the Group for the six month period ended 30 June 2020. However, this information was not published separately in the prior interim period and was not reviewed by the external auditors.

Certain corresponding figures of 2020 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.

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

**SUPPLEMENTARY DISCLOSURE (UNREVIEWED)**

**For the six months ended 30 June 2021**

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**(The attached supplementary disclosure does not form a part of the  
condensed consolidated interim financial information)**

**SUPPLEMENTARY DISCLOSURE (UNREVIEWED) (continued)**

For the six months ended 30 June 2021

**THE IMPACT OF COVID-19**

In line with the Central Bank of Bahrain (“CBB”) directions in its circular OG/259/2020, dated 14 July 2020 that aims to maintain transparency amidst the current implications of COVID-19, the Group provides the following information:

<b>The overall impact on the condensed consolidated interim financial information</b>	
The overall impact on the condensed consolidated interim financial information of the Group as at and for the six months ended 30 June 2021 has been assessed and it has been concluded that there is no significant impact on the overall Group’s condensed consolidated interim financial information. Further details are as follows:	

<b>A. The impact on condensed consolidated interim statement of profit or loss</b>	
Gross insurance premium	The overall reduction in the new motor vehicles insurance as well as the switch to Third Party insurance had an impact on motor insurance premiums. Other lines of business were not materially impacted.
Net claims incurred	Lower traffic reduced the frequency of motor claims for the period. This along with lower general insurance claims due to various restrictions and measures, have added to the overall reduction in the net claims incurred. However, the credit life business was impacted by the increase of credit life claims caused by the increase in number of claims due to COVID-19.
General and administration expenses	No material changes in normal operating expenses of the Group.
Other income	During the first half of 2020, the Group received subsidies of BD 386 thousand towards staff costs, BD 35 thousand towards utility charges and BD 6 thousand towards land rental fees. No Government subsidies were received in current period of 2021.

<b>B. The impact on condensed consolidated interim statement of financial position</b>	
<b>Assets</b>	
Cash and bank balances	The Group and its insurance subsidiaries have sufficient cash balances. The Risk Management Committee has considered a report on the macro economic impact of COVID-19 on the cash inflows and outflows of our insurance subsidiaries, including scenario analysis, and have determined that existing balances are sufficient. Apart from this, the Group has a liquid portfolio of marketable securities as a second line of defense.
Receivables	The Group is seeing some evidence of liquidity stress on its clients and brokers who are insisting on instalment premiums and revising payment schedules. However, this impact has been offset by swift progress in motor subrogation receivables settlements and reconciliations.
<b>Liabilities</b>	
Insurance and other liabilities	No material impacts. The Group is sufficiently capitalized and our net reserves at 118% of annualized net earned premiums is at comfortable levels. The Group has a zero-debt balance sheet with unutilized overdraft facilities with banks.
<b>Equity</b>	
Net equity attributable to shareholders	No material impacts.

**SUPPLEMENTARY DISCLOSURE (UNREVIEWED) (continued)**

**For the six months ended 30 June 2021**

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**C. The impact on the Group's ability to continue as going concern**

The Board of Directors has been closely monitoring the potential impact of the COVID-19 developments on the Group's operations and its financial position; including possible loss of revenues, impact on asset valuations, recoverability and impairment, review of onerous contracts and others. The Group has also put in place contingency measures and performed assessment of the Group's ability to continue on going concern basis in the light with current economic conditions and based on the available information about expected future uncertainties. The assessment has considered the Group's future performance, capital and liquidity requirements. The impact of COVID-19 may continue to evolve, but at the present time the assessment showed the Group has ample resources to continue operational existence and its going concern position remains largely unaffected and unchanged from the year-ended 31 December 2020. As a result, the condensed consolidated interim financial information has been appropriately prepared on a going concern basis.