

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

**SUPPLEMENTARY DISCLOSURE (UNREVIEWED)**  
**For the nine months ended 30 September 2021**

---

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

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

**For the nine months ended 30 September 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:

**The overall impact on the condensed consolidated interim financial information**

The overall impact on the condensed consolidated interim financial information of the Group as at and for the nine months ended 30 September 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:

**A. The impact on the condensed consolidated interim statement of profit or loss**

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 during 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 the number of claims due to COVID-19 developments for the period.
General and administration expenses	No material changes in normal operating expenses of the Group.
Other income	During 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. The impact on the condensed consolidated interim statement of financial position**

**Assets**

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.

**Liabilities**

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.
---------------------------------	--

**Equity**

Net equity attributable to shareholders	No material impacts.
---	----------------------

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

**For the nine months ended 30 September 2021**

---

**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 have been appropriately prepared on a going concern basis.