

February 27, 2018

BNH Reports net profit attributable to shareholders of BD2.1 million Compared to BD3.9 million in 2016, A decline of 46% for the year 2017 primarily due to additional claims reserving

Manama: - Bahrain National Holding B.S.C. announced consolidated results for the year 2017. The Group reported a growth in gross premiums, despite challenging insurance market conditions.

Farouk Almoayyed, Chairman of the Group announced the financial results for the year ended December 31st 2017. Net profit for the year was BD2.3 million compared to BD3.9 million in 2016, a decrease of 42%. Net Profit that is attributable to the shareholders of the Group was BD 2.1 million in 2017 compared to BD 3.9 million in the previous year, a decrease of 46%. The basic and diluted earnings per share was 19.5 fils compared to 36.2 fils in 2016. The Group's gross premiums increased from BD 27.6 million in 2016 to BD28.9 million in 2017, up by 4.5%. Total comprehensive income for the year fell by 6%, from BD3.7 million to BD3.4 million in 2017. **The Group's total equity increased from BD49.1 million to BD50.3 million in 2017.**

The Group recorded a net loss of BD856 thousand for the fourth quarter of 2017 compared to net profit of BD750 thousand for the same period in 2016. Net loss that is attributable to the shareholders of the Group was BD881 thousand for the fourth quarter of 2017 compared to profit of BD 776 thousand for the same period in 2016. Gross premiums recorded BD5.7 million for the fourth quarter 2017 compared to BD 6.2 million for the same period 2016. The basic and diluted losses per share for the fourth quarter 2017 was 8.3 fils compared to earnings per share of 7.3 fils in 2016. Investment income increased to BD344 thousand compared to BD161 thousand for the same period last year.

ABOUT BAHRAIN NATIONAL HOLDING

BNH, formed in 1998 – a merged company of formerly Bahrain Insurance Company and National Insurance Company– and owner of Bahrain National Insurance Company offers a full fledged range of Insurance and Management of Risk solutions. The Group's paid-up capital of BD 11.35 million makes it one of the most secure insurance companies in the Gulf region. The Group's portfolio includes Bahrain National Life Assurance Company along with other associate companies; United Insurance Company (Bahrain), Arabian Shield Cooperative Insurance Company (Saudi Arabia), Al Kindi Specialized Hospital (Bahrain) and National Finance House (Bahrain).

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This performance was due to the increase in competition and softer rates prevailing in the insurance market. Net earned premiums increased by 5.4%, in line with the Group's **strategic plan of gradually** increasing retention of premiums. Net claims incurred in 2017 was higher than previous year. This is primarily attributable to a significant increase in the cost of motor spare parts and repairs coupled with an increase in number of claims. Also, the severe storm and flooding that hit Bahrain during the 1st quarter 2017, impacted fire and property claims. As a prudential step, Bahrain National Insurance (bni) has significantly added to its reserves in 2017 apart from taking additional provisions on receivables. We are witnessing structural changes in the cost of motor repairs in the market and the Group is proactively reviewing ways to control claim cost while maintaining the quality and standards of service, our customers expect from us. Both our medical and life insurance businesses did very well, reporting higher gross premiums and controlled claims, resulting in a sharp increase in underwriting profits in Bahrain National Life (bnl).

The **Group's marketable portfolio** posted excellent returns once again, recording higher investment income apart from unrealized gains of BD 1.2 million in 2017. Strong performances from associates and real estate assets also helped the Group partially offset the negative impact in underwriting.

Mr. Almoayyed also added that the Group continues to maintain strong liquidity with cash and balances with banks of BD12.4 million.

In line with the Group's consistent dividend policy and taking into account the performance in 2017, the Board of Directors is recommending a dividend of 12% to the shareholders, equivalent to 12 fils per share, and a 5% bonus share equivalent to 5 shares for every 100 shares, subject to approval of concerned authorities and the shareholders at the Annual General Meeting.

Mr. Sameer Al Wazzan, Chief Executive of BNH **said:** "The Group was able to increase its gross premiums to BD28.9 million, primarily due to higher premiums booked in bnl and bni commercial **insurance.**"

"The Group registered a net underwriting loss of BD 432 thousand in 2017 compared to a profit of BD1.8 million in 2016, primarily due to an increase in motor claims and additional reserving. Net investment income increase by 5%, from BD1.8 million to BD1.9 million. Share of profits from associates jumped by 27%, to BD2.7 million in 2017, compared to BD2.1 million in the previous year. This resulted in a net profit for the Group of BD2.3 million compared to BD3.9 million in 2016."

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"We continue to adopt a prudent and proactive approach in facing the prevailing challenges. We are upgrading our IT core system in 2018 in order to improve the quality as well as increase the efficiency with which we provide services to our customers. The upgrade will also allow us greater flexibility in launching new products and services. " **he added**

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