

Solidarity Bahrain B.S.C.

**Condensed interim financial information
Period ended 30 September 2021**

Solidarity Bahrain B.S.C.

Condensed interim financial information
Period ended 30 September 2021

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Solidarity Bahrain B.S.C.

General information

Commercial registration	5091 obtained on 17 August 1976
Board of Directors	
Tawfeeq Shehab	Chairman of the Board, member of the Audit & Risk Committee and Chairman of Nomination & Remuneration Committee (Independent Non-Executive Director)
Ashraf Bseisu	Vice Chairman of the Board, Chairman of the Executive Committee and Member of the Nomination & Remuneration Committee (Executive Director)
Dr. Nadhem Al Saleh	Board Member, Chairman of Audit & Risk Committee, member of Corporate Governance Committee and member of Nomination & Remuneration Committee (Independent Non-Executive Director)
Sharif Ahmadi	Board Member, Chairman of Corporate Governance Committee and member of the Executive Committee (Independent Non-Executive Director)
Venkatesan Muniswamy	Board Member and member of the Executive Committee (Executive Director)
Bashar Sameer Nass	Board member and member of Audit & Risk Committee (Non-Independent Non-Executive Director)
Ali Abdulrahim	Board member and member of the Executive Committee (Non-Independent Non-Executive Director)
Executive Committee	Ashraf Bseisu – Chairman Sharif Ahmadi Venkatesan Muniswamy Ali Abdulrahim
Audit and Risk Committee	Dr. Nadhem Al Saleh – Chairman Tawfeeq Shehab Bashar Nass
Nomination and Remuneration Committee	Tawfeeq Shehab - Chairman Nadhem Al Saleh Ashraf Bseisu
Corporate Governance Committee	Sharif Ahmadi – Chairman Dr. Nadhem Al Saleh Shaikh Dr. Osama Bahar – Member of the Sharia Supervisory Board

Solidarity Bahrain B.S.C.

General information (continued)

Sharia Supervisory Board

Shaikh Dr. Osama Bahar	Chairman of Sharia Supervisory Board and member of Corporate Governance Committee
Shaikh Mohsin Shaikh A. Hussain Al Asfoor	Member of Sharia Supervisory Board
Shaikh Abdul Naser Al Mahmood	Member of Sharia Supervisory Board

Management

Jawad Mohammed	Chief Executive Officer
Nandakumar Duraiswamy	Deputy General Manager – Operations
Jai Prakash Pandey	Assistant General Manager – Business Development
Mohammed Awachi	Assistant General Manager – Corporate Support
Yaser Al Hammadi	Assistant General Manager – Compliance and Risk Management & MLRO
Sanjeev Aggarwal	Head of Finance

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Principal bankers

Ithmaar Bank B.S.C. (c), Kingdom of Bahrain
Ahli United Bank B.S.C., Kingdom of Bahrain

Auditor

Deloitte & Touche – Middle East
P.O. Box 421
Manama, Kingdom of Bahrain

Actuary

Lux Actuaries and Consultants
PO Box 50912 – Manama, Kingdom of Bahrain

Shares registrar

Bahrain Clear, Kingdom of Bahrain

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors
Solidarity Bahrain B.S.C.
Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Solidarity Bahrain B.S.C. (the "Company") as at September 30, 2021 and the related condensed interim statements of income and participants' revenue and expenses, participants' surplus and deficit, changes in shareholders' equity and cash flows for the three-month and six-month period then ended, and a summary of significant accounting policies and explanatory notes. The Directors of the Company are responsible for the preparation and presentation of this condensed interim financial information in accordance with the basis of preparation stated in note 2 to this condensed interim financial information. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed 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 condensed interim financial information has not been properly prepared, in all material respects, in accordance with the basis of preparation stated in note 2 to the condensed interim financial information.

Deloitte & Touche

Deloitte and Touche – Middle East
Partner Registration No. 157
Manama, Kingdom of Bahrain

November 9, 2021

Solidarity Bahrain B.S.C.

Condensed interim statement of financial position
As at 30 September 2021

In thousands of Bahraini Dinars

	Note	General takaful fund		Family takaful fund		Conventional (run-off) fund		Shareholders' fund		Total	
		30 September 2021 (reviewed)	31 December 2020 (audited)	30 September 2021 (reviewed)	31 December 2020 (audited)	30 September 2021 (reviewed)	31 December 2020 (audited)	30 September 2021 (reviewed)	31 December 2020 (audited)	30 September 2021 (reviewed)	31 December 2020 (audited)
Assets											
Cash and cash equivalents		1,826	2,225	506	137	271	357	2,562	1,617	5,165	4,336
Placements with financial institutions		10,604	8,476	683	762	600	254	4,942	6,920	16,829	16,412
Investments	5	470	1,000	2,179	2,408	-	-	19,877	18,147	22,526	21,555
Investments in an associate		-	-	-	-	-	-	171	175	171	175
Takaful and insurance receivables	6	9,158	8,760	7	143	130	246	-	-	9,295	9,149
Retakaful and reinsurance share of technical liabilities	7	10,396	10,137	325	319	453	452	-	-	11,174	10,908
Deferred acquisition costs	8.1	-	-	-	-	1	1	522	497	523	498
Prepayments and other assets		973	796	55	75	58	71	1,128	1,076	2,214	2,018
Inter fund receivables		777	620	213	88	-	64	-	-	990	772
Right-of-use assets	9	-	-	-	-	-	-	146	-	146	-
Takaful participants' assets – under run-off management	10	-	-	-	-	-	-	155	139	155	139
Property and equipment		-	-	-	-	-	-	2,018	2,177	2,018	2,177
Total assets		34,204	32,014	3,968	3,932	1,513	1,445	31,521	30,748	71,206	68,139
Liabilities, participants' funds and shareholders' equity											
Liabilities											
Takaful and insurance technical liabilities	7	26,364	24,766	469	432	1,015	1,328	-	-	27,848	26,526
Unearned commission reserves	8.2	458	373	-	-	2	4	-	-	460	377
Family takaful technical reserve	11	-	-	3,120	3,057	-	-	-	-	3,120	3,057
Takaful and insurance payables	12	8,069	7,937	171	138	39	60	-	-	8,279	8,135
Other liabilities		530	483	2	2	52	53	1,557	1,509	2,141	2,047
Inter fund Payables		-	-	-	-	405	-	585	772	990	772
Ijarah liabilities	13	-	-	-	-	-	-	149	-	149	-
Takaful participants' liabilities – under run-off management	10	-	-	-	-	-	-	155	139	155	139
Total liabilities		35,421	33,559	3,762	3,629	1,513	1,445	2,446	2,420	43,142	41,053
Participants' funds		(1,217)	(1,545)	206	303	-	-	-	-	(1,011)	(1,242)
Shareholders' equity											
Share capital	14.2	-	-	-	-	-	-	12,000	12,000	12,000	12,000
Treasury shares	14.3	-	-	-	-	-	-	(4)	(4)	(4)	(4)
Statutory reserve		-	-	-	-	-	-	3,182	3,182	3,182	3,182
Share premium		-	-	-	-	-	-	4,182	4,182	4,182	4,182
Property revaluation reserve		-	-	-	-	-	-	747	747	747	747
Investment fair value reserve		-	-	-	-	-	-	2,851	2,064	2,851	2,064
Retained earnings		-	-	-	-	-	-	6,117	6,157	6,117	6,157
Total shareholders' equity		-	-	-	-	-	-	29,075	28,328	29,075	28,328
Total liabilities, participants' funds and shareholders' equity		34,204	32,014	3,968	3,932	1,513	1,445	31,521	30,748	71,206	68,139

This condensed interim financial information was approved and authorised for issue on 09 November 2021 and signed on behalf of the Board by:

Tawfeeq Shehab
Chairman

Ashraf Bseisu
Vice Chairman

Jawad Mohammed
Chief Executive Officer

Notes 1 to 26 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C.

Condensed interim statement of income and participants' revenues and expenses (reviewed)
 Nine-month period ended 30 September 2021

In thousands of Bahraini Dinars

	Note	General Takaful fund		Family Takaful fund		Conventional (run-off) fund		Shareholders' fund		Total	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Takaful/conventional revenues											
Gross contributions/premiums		22,256	22,035	525	232	23	20	-	-	22,804	22,287
Retakaful contributions/reinsurance premiums		(11,117)	(10,989)	(359)	(362)	(27)	(42)	-	-	(11,503)	(11,393)
Retained contributions/premiums		11,139	11,046	166	(130)	(4)	(22)	-	-	11,301	10,894
Movement in unearned contributions/premiums, net		(230)	346	-	-	-	4	-	-	(230)	350
Net contributions/premiums earned		10,909	11,392	166	(130)	(4)	(18)	-	-	11,071	11,244
Net commission earned	8	705	651	-	-	5	5	-	-	710	656
Profit commission and other income		433	131	-	29	-	-	-	-	433	160
Total takaful/conventional revenues		12,047	12,174	166	(101)	1	(13)	-	-	12,214	12,060
Takaful/conventional expenses											
Gross claims paid		(6,794)	(7,283)	(128)	(29)	(54)	(171)	-	-	(6,976)	(7,483)
Claims recovered from retakaful/reinsurance and other parties		963	737	90	10	19	42	-	-	1,072	789
Net claims paid		(5,831)	(6,546)	(38)	(19)	(35)	(129)	-	-	(5,904)	(6,694)
Movement in outstanding claims – gross		(1,672)	151	(37)	(1)	313	176	-	-	(1,396)	326
Movement in outstanding claims – retakaful/reinsurance		563	(824)	6	1	1	49	-	-	570	(774)
Net claims (incurred)/recovered		(6,940)	(7,219)	(69)	(19)	279	96	-	-	(6,730)	(7,142)
Transfer (to)/from family takaful technical reserve	11	-	-	(154)	(15)	-	-	-	-	(154)	(15)
Total takaful/conventional expenses		(6,940)	(7,219)	(223)	(34)	279	96	-	-	(6,884)	(7,157)
Technical surplus/(deficit)		5,107	4,955	(57)	(135)	280	83	-	-	5,330	4,903
Wakala fee expense	16	(4,952)	(4,839)	(118)	(58)	-	-	-	-	(5,070)	(4,897)
Surplus/(deficit) from takaful/conventional operations		155	116	(175)	(193)	280	83	-	-	260	6
Wakala fee income	16	-	-	-	-	-	-	5,070	4,897	5,070	4,897
Investment income, net	17	173	136	78	98	-	-	1,157	1,048	1,408	1,282
Share of profit from an associate		-	-	-	-	-	-	20	-	20	-
Other income		-	-	-	-	-	-	3	298	3	298
Technical surplus transferred from conventional (run-off) fund		-	-	-	-	(280)	(83)	280	83	-	-
Mudarib share		-	-	-	-	-	-	84	78	84	78
Employee costs		-	-	-	-	-	-	(1,909)	(1,806)	(1,909)	(1,806)
Commission expenses incurred	8.1	-	-	-	-	-	-	(855)	(785)	(855)	(785)
TPA fees		-	-	-	-	-	-	(311)	(303)	(311)	(303)
Other operating expenses		-	-	-	-	-	-	(1,457)	(1,436)	(1,457)	(1,436)
Provision for doubtful receivables, net	6.1	-	-	-	-	-	-	(24)	(99)	(24)	(99)
Net profit and surplus/(deficit) for the period		328	252	(97)	(95)	-	-	2,058	1,975	2,289	2,132
Basic and diluted earnings per share	15							17.16 Fils	16.47 Fils		

This condensed interim financial information was approved and authorised for issue on 09 November 2021 and signed on behalf of the Board by:

Tawfeeq Shehab
 Chairman

Ashraf Baeisu
 Vice Chairman

Jawad Mohammed
 Chief Executive Officer

Notes 1 to 26 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C.

Condensed interim statement of income and participants' revenues and expenses (reviewed)
Three-month period ended 30 September 2021

In thousands of Bahraini Dinars

	Note	General Takaful fund		Family Takaful fund		Conventional (run-off) fund		Shareholders' fund		Total	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Takaful/conventional revenues											
Gross contributions/premiums		6,986	6,701	184	99	-	4	-	-	7,170	6,804
Retakaful contributions/reinsurance premiums		(3,415)	(3,700)	(119)	(119)	-	(5)	-	-	(3,534)	(3,824)
Retained contributions/premiums		3,571	3,001	65	(20)	-	(1)	-	-	3,636	2,980
Movement in unearned contributions/premiums, net		1	584	-	-	-	1	-	-	1	585
Net contributions/premiums earned		3,572	3,585	65	(20)	-	-	-	-	3,637	3,565
Net commission earned	8	247	206	-	-	1	1	-	-	248	207
Profit commission and other income		(126)	59	-	-	-	-	-	-	(126)	59
Total takaful/conventional revenues		3,693	3,850	65	(20)	1	1	-	-	3,759	3,831
Takaful/conventional expenses											
Gross claims paid		(2,543)	(2,671)	-	(29)	(10)	(59)	-	-	(2,553)	(2,759)
Claims recovered from retakaful/reinsurance and other parties		372	437	-	10	2	16	-	-	374	463
Net claims paid		(2,171)	(2,234)	-	(19)	(8)	(43)	-	-	(2,179)	(2,296)
Movement in outstanding claims – gross		73	326	(159)	54	255	133	-	-	169	513
Movement in outstanding claims – retakaful/reinsurance		(4)	(233)	108	(36)	1	(13)	-	-	105	(282)
Net claims (incurred)/recovered		(2,102)	(2,141)	(51)	(1)	248	77	-	-	(1,905)	(2,065)
Transfer (to)/from family takaful technical reserve	11	-	-	(26)	(22)	-	-	-	-	(26)	(22)
Total takaful/conventional expenses		(2,102)	(2,141)	(77)	(23)	248	77	-	-	(1,931)	(2,087)
Technical surplus/(deficit)	16	1,591	1,709	(12)	(43)	249	78	-	-	1,828	1,744
Wakala fee expense		(1,516)	(1,619)	(41)	(25)	-	-	-	-	(1,557)	(1,644)
Surplus/(deficit) from takaful/conventional operations		75	90	(53)	(68)	249	78	-	-	271	100
Wakala fee income	16	-	-	-	-	-	-	1,557	1,644	1,557	1,644
Investment income, net	17	64	49	24	33	-	-	227	237	315	319
Share of profit from an associate		-	-	-	-	-	-	10	-	10	-
Other income		-	-	-	-	-	-	-	-	-	-
Technical surplus transferred from conventional (run-off) fund		-	-	-	-	(249)	(78)	249	78	-	-
Mudarib share		-	-	-	-	-	-	30	27	30	27
Employee costs		-	-	-	-	-	-	(626)	(579)	(626)	(579)
Commission expenses incurred	8.1	-	-	-	-	-	-	(287)	(261)	(287)	(261)
TPA fees		-	-	-	-	-	-	(104)	(98)	(104)	(98)
Other operating expenses		-	-	-	-	-	-	(437)	(433)	(437)	(433)
Provision for doubtful receivables, net	6.1	-	-	-	-	-	-	-	-	-	-
Net profit and surplus/(deficit) for the period		139	139	(29)	(35)	-	-	619	615	729	719
Basic and diluted earnings per share	15							5.16 fils	5.13 Fils		

This condensed interim financial information was approved and authorised for issue on 09 November 2021 and signed on behalf of the Board by:

Tawfeeq Shehab
Chairman

Ashraf Bseisu
Vice Chairman

Jawad Mohamed
Chief Executive Officer

Notes 1 to 26 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C.**Condensed interim statement of participants' surplus and deficit
Period ended 30 September 2021**

In thousands of Bahraini Dinars

	Accumulated (deficit)/surplus	
	General Takaful	Family Takaful
2021		
At 1 January (audited)	(1,545)	303
Surplus/(deficit) for the period	328	(97)
At 30 September (reviewed)	(1,217)	206
2020		
At 1 January (audited)	(1,920)	284
Surplus/(deficit) for the period	252	(95)
At 30 September (reviewed)	(1,668)	189

Notes 1 to 26 form an integral part of the condensed interim financial information.

Solidarity Bahrain B.S.C.
Condensed interim statement of changes in shareholders' equity
Period ended 30 September 2021

In thousands of Bahraini Dinars

2021	Share capital	Treasury shares	Statutory reserve	Share premium	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total
At 1 January (audited)	12,000	(4)	3,182	4,182	747	2,064	6,157	28,328
Net profit for the period	-	-	-	-	-	-	2,058	2,058
Dividends declared	-	-	-	-	-	-	(2,098)	(2,098)
Change in fair value of equity investments	-	-	-	-	-	787	-	787
At 30 September (reviewed)	12,000	(4)	3,182	4,182	747	2,851	6,117	29,075

2020	Share capital	Treasury shares	Statutory reserve	Share premium	Property revaluation reserve	Investment fair value reserve	Retained earnings	Total
At 1 January (audited)	12,000	(4)	2,913	4,182	747	1,889	5,540	27,267
Net profit for the period	-	-	-	-	-	-	1,975	1,975
Dividends declared	-	-	-	-	-	-	(1,799)	(1,799)
Change in fair value of equity investments	-	-	-	-	-	(30)	-	(30)
Transferred to investment income on disposal of equity instruments	-	-	-	-	-	30	-	30
At 30 September (reviewed)	12,000	(4)	2,913	4,182	747	1,889	5,716	27,443

Notes 1 to 26 form an integral part of the condensed interim financial information.

Condensed interim statement of cash flows (reviewed)

Period ended 30 September 2021

In thousands of Bahraini Dinars

	Notes	30 September 2021	30 September 2020
OPERATING ACTIVITIES			
Combined profit & surplus for the period		2,289	2,132
<i>Adjustments for:</i>			
Depreciation		202	180
Depreciation of right-of-use assets		155	-
Ijarah costs		9	-
Provision for employees end of service benefits		28	17
Investment income, net	17	(1,408)	(1,282)
Share of profit from investment in associate		(20)	-
Amortisation during the period, net	5.1	25	37
Provision for doubtful receivables, net	6.1	24	99
Operating cash flows before working capital changes		1,304	1,183
<i>Changes in working capital:</i>			
Increase in takaful and insurance receivables		(170)	131
(Increase)/decrease in retakaful and reinsurance share of technical liabilities		(266)	1,975
Increase in deferred acquisition costs		(25)	(66)
Increase in prepayments and other assets		(283)	975
Increase/(decrease) in takaful and insurance technical liabilities		1,322	(1,877)
Increase/(decrease) in unearned commission reserves		83	(69)
Increase/(decrease) in family takaful technical reserve		63	(51)
Increase in takaful and insurance payables		144	1,337
Increase/(decrease) in other liabilities		69	(978)
Working capital changes		937	1,377
Net cash generated from operating activities		2,241	2,560
INVESTING ACTIVITIES			
Purchase of equipment		(43)	(931)
Dividend received from investment in an associate		24	-
Purchase of investments	5.1 & 5.2	(2,820)	(2,204)
Placements with financial institutions, net		(417)	587
Proceeds from disposal of investments carried at amortised cost	5.1	2,611	1,123
Investment income received		1,495	1,330
Net cash generated from/(used in) investing activities		850	(95)
FINANCING ACTIVITIES			
Dividends paid during the period		(2,101)	(2,154)
Ijarah liabilities paid		(161)	-
Net cash used in financing activities		(2,262)	(2,154)
Net increase in cash and cash equivalents		829	311
Cash and cash equivalents at the beginning of the period		4,336	3,913
Cash and cash equivalents at the end of the period		5,165	4,224
Shareholders' fund		2,562	998
Participants' fund		2,332	2,733
Conventional (run-off) fund		271	493
Cash and cash equivalents at the end of the period		5,165	4,224

Notes 1 to 26 form an integral part of the condensed interim financial information.

1 GENERAL INFORMATION

Solidarity Bahrain B.S.C. (the “Company”) is a public shareholding company incorporated in the Kingdom of Bahrain under commercial registration number 5091 obtained on 17 August 1976. The majority shareholder of the Company is Solidarity Group Holding B.S.C. (c) (the “Parent Company”).

The Company is licensed by the Central Bank of Bahrain (the “CBB”) to carry out the following principal activities:

- (i) developing and providing protection covers for property, engineering, general accident, liability, marine cargo, marine hull, aviation, medical, group life, motor, level term assurance and decreasing term assurance; and
- (ii) management of general takaful and family takaful funds in accordance with the Islamic Shari’a principles. The Company on behalf of the participants of the fund manages these funds.

The Company’s general takaful funds comprise of all protection covers except decreasing term assurance and level term assurance which are part of family takaful fund.

The conventional run-off fund represents technical assets and liabilities of the insurance portfolio of the Company (formerly Al Ahlia Insurance) prior to merger. This portfolio is under run-off and belongs to the shareholders’ fund. The same is disclosed separately in the primary statements.

2 BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with Financial Accounting Standards (“FAS”) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”). In line with the requirements of AAOIFI and the CBB Rule Book Volume 3, for matters that are not covered by AAOIFI standards, the Company uses guidance from the relevant International Financial Reporting Standards (“IFRS”) issued by the Accounting Standards Board (“IASB”). Accordingly, this interim financial information has been presented in condensed form in accordance with International Accounting Standard 34 – Interim Financial Reporting, which permits the interim financial information to be in summarised form and does not include all of the information required for full annual financial statements. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2020.

3 ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim financial statements are consistent with those used in the annual audited financial statements of the Company prepared as at, and for the year ended 31 December 2020, except for the adoption of new and amended standards issued and effective for annual periods beginning on or after 1 January 2021.

Adoption of these standards and amendments did not result in changes to previously reported net profit or surplus or shareholders’ equity of the Company, however it has resulted in additional disclosures.

FAS 31 - Investment Agency (Al-Wakala Bi Al-Istithmar)

The standard defines the accounting principles and reporting requirements for investment agency (Al-Wakala Bi Al-Istithmar) transactions and instruments, in the hands of both the principal and the agent. The standard requires the principal to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture. This standard did not have any impact on this condensed interim financial statements of the Company.

FAS 34 - Financial Reporting for Sukuk holders

The standard prescribes the accounting principles and reporting requirements for underlying assets of a sukuk instrument. It requires the originator to prepare or cause to prepare financing reports as needed under this standard. The standard did not have any impact on this condensed interim financial statements.

FAS 36 - First Time Adoption of AAOIFI Financial Accounting Standards

The standard provides principles of financial reporting for Islamic financial institutions (the institutions), to be applied in the financial statements prepared for the first time according to the AAOIFI FAS, and to prescribe the transitional effects at the time of adoption. The standard did not have any impact on this condensed interim financial statements.

FAS 32 - Ijarah

The standard supersedes FAS 8 "Ijarah and Ijarah Muntahia Bittamleek". FAS 32 sets out the principles for the classification, recognition, measurement, presentation and disclosure of Ijarah type transactions including their different forms entered into by an institution, in both the capacities of lessor and lessee. This standard is effective beginning 1 January 2021.

Under the standard, an institution, in its capacity either as lessor or lessee shall classify each of its Ijarah into a) operating Ijarah b) Ijarah Muntahia Bittamleek with expected transfer of ownership after the end of the Ijarah term - either through sale or gift; and c) Ijarah Muntahia Bittamleek with gradual transfer - with gradual transfer of ownership during the Ijarah term including Diminishing Musharaka Ijarah.

The standard includes two recognition exemptions for Ijarah - Ijarah of "low-value assets" (e.g., personal computers) and "short-term" Ijarah (i.e., Ijarah with a Ijarah term of 12 months or less). At the commencement date of the Ijarah, a lessee will recognize an asset representing the right-of-use the underlying asset during the Ijarah term (i.e., the right-of-use asset) and a net Ijarah liability, duly comprising of a) gross Ijarah liability and b) deferred Ijarah cost (shown as contra-liability). Further, the net Ijarah liabilities should be netted off against the advance rental's payments made prior to the commencement of Ijarah term.

Upon adoption of FAS 32, the Company applied a single recognition and measurement approach for all Ijarah in which it is the lessee, except for short-term Ijarah and Ijarah of low-value assets. The Company recognised Ijarah liabilities to make Ijarah payments and right-of-use assets representing the right to use the underlying assets. The Company adopted FAS 32 using the modified retrospective method of adoption with the date of initial application of 1 January 2021 and accordingly, the comparative information is not restated.

When measuring Ijarah liabilities, the Company discounted Ijarah payments using its incremental borrowing rate at 1 January 2021. The effect of adopting FAS 32 as at 1 January 2021 is disclosed as follows:

	Total assets BD'000	Total liabilities BD'000
Balance, as at 31 December 2020	68,139	41,053
Impact on adoption:		
Right-of-use asset	301	-
Net Ijarah liability	-	301
Opening balance under FAS 32 on date of initial application of 1 January 2021	68,440	41,354

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the Ijarah (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjustment for any effect of Ijarah modification or reassessment. The cost of right-of-use assets represents the fair value of total consideration paid / payable and includes initial direct costs and any dismantling or decommissioning costs.

The Company depreciate the right-of-use assets from the commencement date to the end of the useful economic life of the right-of use assets which coincides with the end of the Ijarah term using a systematic basis that is reflective of the pattern of utilization of benefits from the right-of-use asset. Right-of-use assets are also subject to impairment in line with FAS 30 requirements.

b) Ijarah liabilities

At the commencement date of the Ijarah (i.e., the date the underlying asset is available for use), the Company recognises Ijarah liabilities measured at the fair value of total rentals payable for Ijarah term. After the commencement date, the amount of Ijarah liabilities are increased to reflect return on the Ijarah liabilities - by way of amortisation of deferred Ijarah cost and reduced to reflect the Ijarah rentals made. In addition, the carrying amount of Ijarah liabilities is remeasured if there is a modification, a change in the Ijarah term or change in the in-substance fixed Ijarah payments.

New standards issued but deferred by AAOIFI

The Accounting Board of AAOIFI, in its meeting held on 22-23 June 2020, has clarified that until the project of revision of certain FASs is complete, the takaful companies are subject to the investments impairment and classification requirements of FAS 25 'investments in Sukuk, shares and similar instruments' therefore, the following issued AAOIFI FASs are extended until the date of completion of revision of certain takaful standards.

FAS 30 - Impairment, credit losses and onerous commitments

The standard has fundamentally changed the accounting for impairment losses for financial assets by replacing FAS 11 "provisions and reserves" and its "incurred loss approach" with the forward-looking Expected Credit Loss (ECL) approach on all receivables and off-balance sheet exposures including guarantees, letters of credit and other similar positions which are subject to credit risk.

The assets subject to credit losses will be categorised in the following three stages:

Stage 1 Performing receivables: receivables that are not significantly deteriorated in credit quality since origination. The impairment provision will be recorded based on 12 months ECL.

Stage 2 Underperforming receivables: receivables that have significantly deteriorated in credit quality since origination. The credit losses will be recorded based on life time ECL.

Stage 3 Impaired receivables: For receivables that are impaired, the impairment provision based on life time ECL will be recognised.

The Company will be required to consider the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs. The forward-looking information will include the elements such as macroeconomic factors (e.g., equity prices and oil prices) and economic forecasts obtained through external sources.

The Company will evaluate a range of possible outcomes and scenarios. For each scenario, the Company will derive an ECL and apply a probability weighted approach to determine the impairment provision.

Impairment approach

Impairment losses will be recognised on all other financing, investment assets and exposures subject to risks other than credit risk (excluding investments carried at fair value through statement of income).

The impairment losses will be measured by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount will be the higher of its fair value less costs of disposal and its value in use.

Provision for onerous contract or commitment to acquire an asset

The Company will recognise provision when the Company is obligated to acquire an asset under a future commitment or contracts permissible to be entered in the future, and it is expected that the obligation under the contract or commitment is higher than the economic benefits expected to flow through acquisition of such asset. In such situation, the Company will create a provision on this account reflecting the expected losses arising on such transaction.

FAS 33 - Investment in sukuk, shares and similar instruments

The standard aims at setting out principles for the classification, recognition, measurement, presentation, and disclosure of investments in Sukuk, shares and other similar instruments of investments made by Islamic financial institution. The standard defines the key types of instruments of Shari'ah compliant investments and the primary accounting treatments commensurate to the characteristics and business model of institutions under which the investments are made, managed and held.

The Company's management is currently assessing the impact of the above standards, interpretations and amendments on this condensed interim financial statements.

New standards issued but not yet effective

Standards, interpretations and amendments to existing standards issued but not yet effective up to the date of issuance of the Company's condensed interim financial statements are disclosed below. The Company reasonably expects these issued standards, interpretations and amendments to existing standards to be applicable at a future date. The Company intends to adopt these standards, interpretations and amendments to existing standards, if applicable, when they become effective:

- 'FAS 37 "Financial Reporting by Waqf Institutions" (effective 1 January 2022)

The standard establishes principles of financial reporting by Waqf financial institutions, which are established and operated in line with Shari'ah principle and rules.

- FAS 38 Wa'ad Khiyar and Tahawwut (effective 1 January 2022)

The standard prescribes the accounting and reporting principles and requirements for Wa'ad (promise), Khiyar (option) and Tahawwut (hedging) arrangements for the institutions.

The Company's management is currently assessing the impact of the above standards, interpretations and amendments on this condensed interim financial statements of the Company.

4 CYCLICAL VARIABILITY

The condensed interim results may not represent a proportionate share of the annual profits due to cyclical variability in contributions and uncertainty of claims occurrences.

5 INVESTMENTS

	30 September 2021 (reviewed)	31 December 2020 (audited)
Debt type instruments		
Amortised cost:		
Quoted instruments	13,656	15,127
Equity type instruments		
Fair value through equity:		
Quoted instruments	7,220	4,778
Unquoted instruments	1,650	1,650
	22,526	21,555

5.1 The movement in investments carried at amortised cost is as follows:

	30 September 2021 (reviewed)	31 December 2020 (audited)
At the beginning of the period/year	15,127	15,238
Additions during the period/year	1,165	1,364
Redemptions/disposals during the period/year	(2,611)	(1,398)
Amortisation during the period/year, net	(25)	(52)
Exchange loss	-	(25)
At the end of the period/year	13,656	15,127

5.2 The movement in investments carried at fair value through equity is as follows:

	30 September 2021 (reviewed)	31 December 2020 (audited)
At the beginning of the period/year	6,428	5,021
Additions during the period/year	1,655	1,419
Disposals during the period/year	-	(188)
Transferred to investment income on disposal of equity instruments	-	(30)
Change in fair value, net	787	206
At the end of the period/year	8,870	6,428

5.3 Investments carried at fair value through equity are broken down as follows:

	30 September 2021 (reviewed)	31 December 2020 (audited)
Quoted equity instruments	7,220	4,778
Unquoted equity instruments	1,650	1,650
	8,870	6,428

6 TAKAFUL AND INSURANCE RECEIVABLES

	30 September 2021 (reviewed)	31 December 2020 (audited)
Due from:		
Participants and policyholders	5,433	6,341
Brokers	2,847	1,447
Takaful and insurance companies in relation to subrogation	1,673	1,948
Takaful/retakaful and insurance/reinsurance companies	611	658
	10,564	10,394
Less: provision for doubtful receivables	(1,269)	(1,245)
	9,295	9,149

Included in the aforementioned takaful and insurance receivables are 130 thousand (2020: BD 246 thousand) that are held under conventional (run-off) fund.

The Company assesses impairment on an individual and specific basis. The Company assesses on a case by case basis whether there is any objective evidence that the outstanding balance is impaired for contribution due and claims recovery that are considered individually significant.

The Company records impairment allowance when the Company is satisfied that the recovery of the amount is not probable.

6.1 The movement in provision for doubtful receivables on takaful and insurance receivables is as follows:

	30 September 2021 (reviewed)	31 December 2020 (audited)
At the beginning of the period/year	1,245	1,389
Charge for the period/year, net	24	156
Write-off during the period/year	-	(300)
At the end of the period/year	1,269	1,245

6.2 The aging of unimpaired takaful and insurance receivables is as follows:

	Neither past due nor impaired	Past due but not impaired		Total
		181 to 365 days	More than 365 days	
30 September 2021 (reviewed)	6,458	2,293	544	9,295
31 December 2020 (audited)	5,937	2,749	463	9,149

7 TAKAFUL AND INSURANCE TECHNICAL LIABILITIES AND RETAKAFUL AND REINSURANCE SHARE OF TECHNICAL LIABILITIES

	30 September 2021 (reviewed)		31 December 2020 (audited)	
	Takaful	Conventional (run-off) fund	Takaful	Conventional (run-off) fund
Gross				
Unearned contributions/premiums	14,455	10	14,529	10
Outstanding claims	12,378	1,005	10,669	1,318
	26,833	1,015	25,198	1,328
Retakaful				
Retakaful unearned contributions /reinsurance unearned premiums	(7,273)	(9)	(7,577)	(9)
Retakaful/reinsurance outstanding claims	(3,448)	(444)	(2,879)	(443)
	(10,721)	(453)	(10,456)	(452)
Net				
Unearned contributions	7,182	1	6,952	1
Outstanding claims	8,930	561	7,790	875
	16,112	562	14,742	876

8 DEFERRED ACQUISITION COSTS AND UNEARNED COMMISSION RESERVES**8.1 Deferred acquisition costs**

	30 September 2021 (reviewed)		31 December 2020 (audited)	
	Shareholders' fund	Conventional (run-off) fund	Shareholders' fund	Conventional (run-off) fund
At the beginning of the period/year	497	1	428	4
Commissions paid during the period/year	880	3	1,121	3
Commissions incurred during the period/year	(855)	(3)	(1,052)	(6)
At the end of the period/year	522	1	497	1

8.2 Unearned commission reserves

	30 September 2021 (reviewed)		31 December 2020 (audited)	
	Takaful	Conventional (run-off) fund	Takaful	Conventional (run-off) fund
At the beginning of the period/year	373	4	432	10
Commissions received during the period/year	790	6	786	8
Commissions earned during the period/year	(705)	(8)	(845)	(14)
At the end of the period/year	458	2	373	4

9 RIGHT-OF-USE ASSETS

	30 September 2021 (reviewed)
Recognition of right-of-use assets on initial application of FAS 32	301
Depreciation charge for the period	(155)
Balance as at 30 September	146

10 TAKAFUL PARTICIPANTS' ASSETS AND LIABILITIES – UNDER RUN OFF MANAGEMENT

In accordance with the approval from the CBB, the shareholders of the Solidarity General Takaful B.S.C. (c) ("SGT") assumed assets and liabilities of Solidarity Family Takaful Participants Fund (the Fund) as at 1 July 2012 to manage its run-off and the Fund and was accordingly transferred to the Company as part of the transfer of business, assets and liabilities from SGT. The Company did not accept any new risk relating to run-off portfolio and surplus and deficit pertaining to assets and liabilities under run-off management are recorded within the fund balance at each reporting date.

Solidarity Bahrain B.S.C.

Notes to this condensed interim financial information

Period ended 30 September 2021

In thousands of Bahraini Dinars

The Parent company has committed to compensate the Company for any adverse development in the run-off of the fund. Therefore, the Company has no material financial or takaful risk on assets and liabilities under run-off management.

	30 September 2021 (reviewed)	31 December 2020 (audited)
Cash and bank balances	68	62
Other investments	87	77
Total assets under run-off management	155	139

	30 September 2021 (reviewed)	31 December 2020 (audited)
Unearned contribution and mortality reserves	32	33
Takaful and other payables	38	38
Unit linked reserve	47	30
	117	101
Participants' surplus assets over liabilities	38	38
Total liabilities under run-off management	155	139

11 FAMILY TAKAFUL TECHNICAL RESERVE

	30 September 2021 (reviewed)	31 December 2020 (audited)
At the beginning of the period/year	3,057	3,258
Refund during the period/year	(91)	(92)
Net increase/(decrease) during the period/year	154	(109)
At the end of the period/year	3,120	3,057

12 TAKAFUL AND INSURANCE PAYABLES

	30 September 2021 (reviewed)	31 December 2020 (audited)
Due to participants and policyholders	1,244	705
Due to Takaful and insurance companies	6,334	6,584
Due to garages	701	846
	8,279	8,135

Included in the above takaful and insurance payables are BD 39 thousand (2020: BD 60 thousand) that are held under conventional (run-off) fund.

13 IJARAH LIABILITIES

	30 September 2021 (reviewed)
Maturity analysis – Gross Ijarah liabilities	
Less than one year	135
One to five years	17
Total gross Ijarah liabilities	152
Maturity analysis – Net Ijarah liabilities	
Less than one year	131
One to five years	18
Total net Ijarah liabilities	149

14 SHARE CAPITAL**14.1 Authorised**

Authorised shares of 150,000,000 at BD 0.100 each
(2020: 150,000,000 shares of BD 0.100 each)

Number of shares (thousands)	Share capital
150,000	15,000

14.2 Issued and fully paid

Issued and fully paid shares of 120,000,000 at BD 0.100 each
(2020: 120,000,000 shares of BD 0.100 each)

Number of shares (thousands)	Share capital
120,000	12,000

The share capital of the Company is denominated in BD and these shares are traded on Bahrain Bourse in BD.

14.3 Treasury shares

The Company owned its own shares amounting to BD 4 thousand at 30 September 2021 (2020: BD 4 thousand). The shares are held as treasury shares and the Company has the right to reissue these shares at a later date.

15 BASIC AND DILUTED EARNINGS PER SHARE

	Nine-month ended		Three-month ended	
	30 September 2021 (reviewed)	30 September 2020 (reviewed)	30 September 2021 (reviewed)	30 September 2020 (reviewed)
Net profit for the period	2,058	1,975	619	615
Weighted average number of shares outstanding	119,950,219	119,950,219	119,950,219	119,950,219
Basic and diluted earnings per 100 fils share	17.16 fils	16.47 fils	5.16 fils	5.13 fils

The earnings per share has been computed on the basis of net profit for the period divided by the weighted average number of shares outstanding for the period, net of treasury shares.

16 WAKALA FEE

The Company receives Wakala fee for administration of the takaful funds on behalf of the participants in accordance with the contracts of the respective takaful funds. The maximum chargeable Wakala fee which has been certified by Actuary and approved by the Shari'a Supervisory Board is 25% (2020: 25%) for the general Takaful fund and 25% (2020: 25%) for family Takaful fund of the overall gross contributions.

17 INVESTMENT INCOME, NET

	Nine-month ended		Three-month ended	
	30 September 2021 (reviewed)	30 September 2020 (reviewed)	30 September 2021 (reviewed)	30 September 2020 (reviewed)
Income from placements with financial institutions	382	414	126	139
Income from debt instruments	483	553	164	178
Income from equity instruments	649	417	62	35
Investment management Expenses	(22)	(24)	(7)	(6)
Net investment income	1,492	1,360	345	346
Mudarib share*	(84)	(78)	(30)	(27)
	1,408	1,282	315	319
Shareholders' investment income	1,157	1,048	227	237
General takaful investment income	173	136	64	49
Family takaful investment income	78	98	24	33
	1,408	1,282	315	319

**Mudarib share*

The shareholders manage the participants' investments and charges 25% (2020: 25%) of the investment income earned by takaful funds as mudarib share, as approved by the Shari'a Supervisory Board. Mudarib share has been included in shareholders condensed interim statement of income.

18 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 the significant shareholder and entities over which the Company and the shareholder exercises significant influence, directors and executive management of the Company.

18.1 Transactions with key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. Remuneration paid to the Board of Directors of the Company during the period amounted to BD 63 thousand (2020: BD 63 thousand). Sitting fees paid to the members of the Committees of the Board of Directors amounted to BD 21 thousand (2020: BD 20 thousand) and salaries and benefits paid to key members of management amounted to BD 350 thousand (2020: BD 334 thousand). End of service benefits due to key management personnel as at 30 September 2021 amounted to BD 189 thousand (2020: BD 174 thousand).

18.2 Transactions and balances with related parties**a) Transactions with related parties**

	30 September 2021 (reviewed)	30 September 2020 (reviewed)
<i>Gross contributions:</i>		
Parent company	36	36
Entities under common control	2,442	3,044
<i>Retakaful contributions:</i>		
Entities under common control	11	7
<i>Income from placement:</i>		
Entities under common control	35	59
<i>Gross paid claims:</i>		
Entities under common control	499	206

b) Balances with related parties

	30 September 2021 (reviewed)	31 December 2020 (reviewed)
<i>Payables:</i>		
Entities under common control	9	62
<i>Placements with financial institutions:</i>		
Entities under common control	2,003	2,013
<i>Receivables:</i>		
Parent company	-	59
Entities under common control	1,382	529
<i>Claims outstanding:</i>		
Entities under common control	946	641
<i>Cash and cash equivalents:</i>		
Entities under common control	484	2,086

19 SEGMENTAL INFORMATION

The Company makes operating decisions on a combined basis for general takaful, family takaful and conventional insurance run-off fund. Management monitors the underwriting results and performance of the Company using the following business segments:

- Non-motor which includes fire, marine, general accident, liability, aviation and engineering lines of business
- Motor
- Medical
- Group Life which includes group life and credit life business
- Family Takaful which includes long-term decreasing term and level term business

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions on the resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The table overleaf presents the segment revenues, measurement of segment profit for the period and their reconciliation to the total income and profit for the period of the Company.

19 SEGMENTAL INFORMATION (continued)

	30 September 2021 (reviewed)						30 September 2020 (reviewed)					
	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total
Takaful/conventional revenues												
Gross contributions/premium	5,518	6,419	9,032	1,310	525	22,804	4,381	6,787	8,776	2,111	232	22,287
Retakaful contributions /reinsurance premium	(4,986)	(235)	(5,093)	(830)	(359)	(11,503)	(3,781)	(230)	(5,367)	(1,653)	(362)	(11,393)
Retained contributions/premium	532	6,184	3,939	480	166	11,301	600	6,557	3,409	458	(130)	10,894
Movement in unearned contributions/premium, net	(24)	288	(467)	(27)	-	(230)	(97)	493	(23)	(23)	-	350
Net contributions/premium earned	508	6,472	3,472	453	166	11,071	503	7,050	3,386	435	(130)	11,244
Commission income	603	25	166	-	-	794	401	16	173	-	-	590
Movement in unearned commission, Net	(86)	-	2	-	-	(84)	156	2	(92)	-	-	66
Profit commission and other income	395	30	3	5	-	433	97	28	-	6	29	160
Net commission earned	912	55	171	5	-	1,143	654	46	81	6	29	816
Total takaful/conventional revenues	1,420	6,527	3,643	458	166	12,214	1,157	7,096	3,467	441	(101)	12,060

(*) Non - motor includes fire, marine, aviation, general accident, liability, and engineering.

19 SEGMENTAL INFORMATION (continued)

	30 September 2021 (reviewed)						30 September 2020 (reviewed)					
	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total	Non-Motor (*)	Motor	Medical	Group Life	Family Takaful	Total
Takaful/conventional expenses												
Gross claims paid	(257)	(2,935)	(2,646)	(1,010)	(128)	(6,976)	(256)	(4,101)	(2,446)	(651)	(29)	(7,483)
Claims recovered from retakaful /reinsurance and other parties	182	(12)	(57)	869	90	1,072	219	(1)	6	555	10	789
Net claims paid	(75)	(2,947)	(2,703)	(141)	(38)	(5,904)	(37)	(4,102)	(2,440)	(96)	(19)	(6,694)
Movement in outstanding claims – gross	(128)	(866)	(24)	(341)	(37)	(1,396)	(653)	884	(61)	157	(1)	326
Movement in outstanding claims – retakaful/reinsurance	48	275	(3)	244	6	570	404	(957)	(10)	(212)	1	(774)
Net claims (recovered)/incurred	(155)	(3,538)	(2,730)	(238)	(69)	(6,730)	(286)	(4,175)	(2,511)	(151)	(19)	(7,142)
Transfer (to)/from Family Takaful technical reserve	-	-	-	-	(154)	(154)	-	-	-	-	(15)	15
Technical surplus/(deficit)	1,265	2,989	913	220	(57)	5,330	871	2,921	956	290	(135)	4,903
Identifiable assets	5,218	2,508	3,891	1,670	3,755	17,042	4,281	4,824	3,853	915	4,527	18,400
Identifiable liabilities	7,132	12,937	6,784	2,127	3,762	32,742	5,857	13,357	6,253	1,205	4,338	31,010

(*) Non - motor includes fire, marine, aviation, general accident, liability, and engineering.

Assets amounting to BD 54.164 million (2020: BD 49.457 million) and liabilities amounting to BD 10.4 million (2020: BD 10.882 million) are not specifically identifiable

20 CONTINGENT LIABILITIES AND COMMITMENTS

The Company is a defendant in a number of cases brought by policyholders in respect of claims which the Company disputes. While it is not possible to predict the eventual outcome of such legal actions, the management has made provisions which, in their opinion, are adequate. There are no commitments as at 30 September 2021 (31 December 2020: nil).

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

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

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included with in level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring:

30 September 2021 (reviewed)	Level 1	Level 2	Level 3	Total
Investments carried at fair value through equity	7,220	-	1,650	8,870
	7,220	-	1,650	8,870
31 December 2020 (audited)	Level 1	Level 2	Level 3	Total
Investments carried at fair value through equity	4,778	-	1,650	6,428
	4,778	-	1,650	6,428

No transfers out of, or into, the level 3 measurement classification occurred during the period ended 30 September 2021 (31 December 2020: nil).

21 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values:

30 September 2021 (reviewed)	Fair value through equity	Amortised cost	Loans and receivables	Total carrying value	Fair value
Cash and cash equivalents	-	-	5,165	5,165	5,165
Placements with financial institutions	-	-	16,829	16,829	16,829
Investments	8,870	13,656	-	22,526	22,848
Takaful and insurance receivables	-	-	9,295	9,295	9,295
Retakaful and reinsurance share of technical liabilities	-	-	10,017	10,017	10,017
Other assets	-	-	2,360	2,360	2,360
Total financial assets	8,870	13,656	43,666	66,192	66,514
Takaful and insurance technical liabilities	-	-	22,762	22,762	22,762
Takaful and insurance payables	-	-	8,279	8,279	8,279
Other liabilities	-	-	2,290	2,290	2,290
Total financial liabilities	-	-	33,331	33,331	33,331
31 December 2020 (audited)	Fair value through equity	Amortised cost	Loans and receivables	Total carrying value	Fair value
Cash and cash equivalents	-	-	4,336	4,336	4,336
Placements with financial institutions	-	-	16,412	16,412	16,412
Investments	6,428	15,127	-	21,555	21,753
Takaful and insurance receivables	-	-	9,149	9,149	9,149
Retakaful and reinsurance share of technical liabilities	-	-	10,060	10,060	10,060
Other assets	-	-	2,018	2,018	2,018
Total financial assets	6,428	15,127	41,975	63,530	63,728
Takaful and insurance technical liabilities	-	-	22,574	22,574	22,574
Takaful and insurance payables	-	-	8,135	8,135	8,135
Other liabilities	-	-	2,047	2,047	2,047
Total financial liabilities	-	-	32,756	32,756	32,756

The carrying value of the Company's financial instruments except investments were deemed to approximate fair value due to the immediate or short-term maturities of those financial instruments.

22 TOTAL COMPREHENSIVE INCOME

	Nine-month period ended 30 September 2021 (Reviewed)					Nine-month period ended 30 September 2020 (Reviewed)				
	General takaful fund	Family takaful fund	Conventional (run-off) fund	Shareholders' fund	Total	General takaful fund	Family takaful fund	Conventional (run-off) fund	Shareholders' fund	Total
Net profit and surplus/(deficit) for the period	328	(97)	-	2,058	2,289	252	(95)	-	1,975	2,132
Other comprehensive income to be reclassified to statement of income and participants' revenues and expenses in subsequent period:										
Fair value changes arising during the period	-	-	-	787	787	-	-	-	30	30
Transferred to investment income on disposal of equity instruments	-	-	-	-	-	-	-	-	(30)	(30)
Other comprehensive income for the period to be reclassified to condensed interim statement of income and participants' revenues and expenses in subsequent periods	-	-	-	787	787	-	-	-	-	-
Total Comprehensive income for the period	328	(97)	-	2,845	3,076	252	(95)	-	1,975	2,132

22 TOTAL COMPREHENSIVE INCOME (continued)

	Three-month period ended 30 September 2021 (Reviewed)					Three-month period ended 30 September 2020 (Reviewed)				
	General takaful fund	Family takaful fund	Conventional (run-off) fund	Shareholders' fund	Total	General takaful fund	Family takaful fund	Conventional (run-off) fund	Shareholders' fund	Total
Net profit and surplus/(deficit) for the period	139	(29)	-	619	729	139	(35)	-	615	719
Other comprehensive income to be reclassified to statement of income and participants' revenues and expenses in subsequent period:										
Fair value changes arising during the period	-	-	-	353	353	-	-	-	437	437
Transferred to investment income on disposal of equity instruments	-	-	-	-	-	-	-	-	(30)	(30)
Other comprehensive income for the period to be reclassified to condensed interim statement of income and participants' revenues and expenses in subsequent periods	-	-	-	353	353	-	-	-	407	407
Total Comprehensive income for the period	139	(29)	-	972	1,082	139	(35)	-	1,022	1,126

23 IMPACT OF COVID-19

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread across globe, causing disruptions to businesses and economic activity. The unprecedented nature of the crisis, the lack of enough historical data, the low visibility and the high uncertainty related to its evolution, its duration and its impact on the economy in general and the business in particular, make the quantification of its adverse negative impact on the business difficult to assess accurately at this stage. The management considered several foreseeable areas of operational risk and implemented various measures to ensure the continuity of the operations, the availability of the network and the ability of the organisation to cope with the lock-down situation.

The Company will continue to monitor the situation and make the necessary judgements and estimates as may be required, The assumptions and estimates used by the Company will be revisited according to the evolution of the situation and the availability of data allowing better estimation.

Impairment of financial assets:

The Company has assessed the impairment of its financial assets based on judgement, by considering the relevant macroeconomic factors relative to the economic climate of the respective markets in which it operates. The Company has also assessed the exposures in potentially affected sectors for any indicators of impairment and concluded there is no material impact on account of COVID-19.

Impairment of non-financial assets:

The Company has performed a qualitative assessment, considering the minimal impact of COVID-19 on entities operating in the insurance sector, and compared the actual results for the current period against corresponding prior period and industry benchmarks to conclude there is no material impact on account of COVID-19.

Commitment and contingent liabilities:

The Company has assessed the impact of any operational disruptions, including any contractual challenges and changes in business or commercial relationships among the Company and customers, with a view of potential increase in contingent liabilities and commitments, concluding, no material impact on the account of COVID-19.

Going concern:

The Company has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Company's future performance, capital and liquidity. The impact of COVID-19 may continue to evolve, but at the present time the projections show that the Company has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged as of the date of approval of these condensed interim financial information. As a result, this condensed financial information has been appropriately prepared on a going concern basis.

24 MERGER WITH T'AZUR COMPANY B.S.C. (C)

The Company notified the board of directors of T'azur Company B.S.C. (c) ("T'azur") through a letter dated 18 July 2021, after trading hours, that it has a firm intention to make an offer to acquire 100% of the assets, business, and liabilities of the Bahrain operations (including Qatar branch in run-off) of T'azur and excluding latter's ownership of 70% of the paid-up share capital of T'azur Takaful Insurance Company K.S.C. (Kuwait) ("Merger Offer"). As of 5 August 2021, T'azur's Board of Directors has resolved to accept and countersign the Firm Intention letter dated 18 July 2021 ("Firm Intention").

24 MERGER WITH T'AZUR COMPANY B.S.C. (C) (continued)

Subsequently, the Merger Offer and related steps were approved by the shareholders of the Company as well as T'azur in a duly convened Extraordinary General Meeting ("EGM") held on 29th September 2021 which are subject to regulatory approvals. On 21 October 2021, the Central Bank of Bahrain (CBB) published in the official gazette the receipt of request for approval of the Merger Offer from T'azur, requesting any stakeholder who has an objection to this merger to submit their written objection to the CBB within three months from the date of the announcement.

The consideration for the Merger Offer has been determined based on the two parties' fair valuation as at the Cut-off Date of 30 September 2020, as determined through a comprehensive due-diligence exercise and translates to 13,333,332 new ordinary shares to be issued by the Company to T'azur shareholders via increase of the Company's paid-up capital in-lieu of the Merger.

The final conclusion and effectiveness of the Merger shall be further subject to the fulfilment or waiver, where applicable, of conditions precedent mutually agreed between Solidarity and T'azur including amongst others, the segregation of T'azur's Kuwait subsidiary.

25 SUBSEQUENT EVENTS

There were no other significant events subsequent to 30 September 2021 and occurring before the date of signing of the condensed interim financial information that would have a significant impact on the condensed interim financial information.

26 COMPARATIVES

Certain prior period/year figures have also been reclassified to conform to the current year presentation. This did not affect the financial position or results for the period/year.

**Supplementary disclosure – COVID-19 impact (Unaudited and not reviewed)
Period ended 30 September 2021**

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

On 21 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 11 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 30 September 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 30 September 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 30 September 2021 is 462% 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.