

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

30 September 2020

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2020**

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Bahrain National Holding Company B.S.C.

GENERAL INFORMATION

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 Algosaiabi	- Director
Redha Abdulla Ali Faraj	- Director

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	- Assistant General Manager
Hassan Hashim	- Assistant General Manager

General Management - BNL

Enas Asiri	- General Manager
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Registered office

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Seef Business District,
Kingdom of Bahrain
Telephone: 17 587300
Fax: 17 583099
e-mail: ce@bnhgroup.com
website: www.bnhgroup.com

Listing

Bahrain Bourse

Auditors of the Group

KPMG Fakhro, P.O. Box 710, Bahrain

Registrars of the Group

Karvy Computershare 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

BNH's branches and outlets

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



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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

9 November 2020

Introduction

We have reviewed the accompanying 30 September 2020 condensed consolidated interim financial information of Bahrain National Holding B.S.C. (the "Company") and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 September 2020;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2020;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2020;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2020;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2020; and
- notes to the condensed consolidated interim financial information.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2020 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

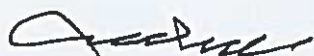
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

In thousands of Bahraini Dinars

	Note	30 September 2020 (reviewed)	31 December 2019 (audited)
ASSETS			
Cash and cash equivalents	5	6,231	4,254
Placements with banks		12,234	14,767
Insurance and other assets		11,395	11,493
Financial investments		34,606	32,148
Equity accounted investees	6	18,292	18,520
Reinsurers' share of insurance technical reserves		19,352	16,772
Deferred acquisition cost		796	732
Investment properties	11	2,605	2,731
Intangible assets		272	266
Property and equipment		3,843	4,024
Statutory deposits		125	125
Total assets		109,751	105,832
LIABILITIES			
Insurance technical reserves		38,407	35,958
Insurance payables		6,562	6,102
Other provisions and liabilities		6,928	7,117
Total liabilities		51,897	49,177
Net assets		57,854	56,655
EQUITY			
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		4,257	4,615
Retained earnings		17,024	15,641
Equity attributable to shareholders of the Parent company		54,865	53,840
Non-controlling interest		2,989	2,815
Total equity		57,854	56,655

The condensed consolidated interim financial information was approved by the Board of Directors on 9 November 2020 and signed on its behalf by:



Farooq Yusuf Almoayyed
Chairman



Abdulhussain Khalil Dawani
Vice Chairman



Sameer AlWazzan
Chief Executive Officer

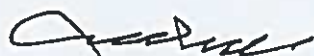
The accompanying notes 1 to 13 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

	Nine months ended 30 September 2020 (reviewed)	Nine months ended 30 September 2019 (reviewed)	Three months ended 30 September 2020 (reviewed)	Three months ended 30 September 2019 (reviewed)
Gross insurance premiums	27,468	27,344	8,929	9,366
Reinsurers' share of gross insurance premiums	(14,128)	(13,760)	(4,500)	(4,730)
Retained premiums	13,340	13,584	4,429	4,636
Net change in reserve for unearned premiums	(870)	(401)	(366)	(137)
Net premium earned	12,470	13,183	4,063	4,499
Gross claims paid	(16,436)	(15,402)	(4,907)	(4,704)
Claims recoveries	8,312	7,671	2,399	2,059
Outstanding claims adjustment – Gross	(281)	(1,186)	863	(200)
Outstanding claims adjustment – Recoveries	1,354	1,379	(417)	523
Net claims incurred	(7,051)	(7,538)	(2,062)	(2,322)
Gross underwriting profit	5,419	5,645	2,001	2,177
Net commission and fee income	226	96	137	3
Impairment losses on insurance receivables	(186)	(699)	(89)	(327)
General and administration expenses – underwriting	(2,723)	(2,853)	(919)	(1,001)
Other income	341	35	10	9
Net underwriting profit	3,077	2,224	1,140	861
Net investment income	2,003	2,540	631	1,000
Impairment losses on investments	(218)	(83)	(80)	(10)
Share of profit of equity accounted investees	519	1,248	266	443
Net income from road assist services	228	163	75	79
General and administration expenses - non-underwriting	(1,665)	(1,369)	(525)	(483)
Other income	119	5	2	2
Profit for the period	4,063	4,728	1,509	1,892
Profit attributable to:				
Parent company	3,890	4,541	1,480	1,777
Non-controlling interest	173	187	29	115
	4,063	4,728	1,509	1,892
Basic and diluted earnings per share	34.5 fils	40.3 fils	13.1 Fils	15.8 fils



Farooq Yusuf Almoayyed
Chairman



Abdulhussain Khalil Dawani
Vice Chairman



Sameer AlWazzan
Chief Executive Officer

The accompanying notes 1 to 13 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

	Nine months ended 30 September 2020 (reviewed)	Nine months ended 30 September 2019 (reviewed)	Three months ended 30 September 2020 (reviewed)	Three months ended 30 September 2019 (reviewed)
Profit for the period	4,063	4,728	1,509	1,892
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss:				
Available-for-sale securities:				
- Net change in fair value	280	2,368	1,471	695
- Transfer to profit or loss on impairment of securities	218	70	80	10
- Transfer to profit or loss on disposal of securities	(688)	(1,066)	(250)	(642)
Share of other comprehensive income of equity accounted investee	(167)	75	(43)	12
Other comprehensive income	(357)	1,447	1,258	75
Total comprehensive income	3,706	6,175	2,767	1,967
Total comprehensive income attributable to:				
Parent company	3,532	5,839	2,634	1,839
Non-controlling interest	174	336	133	128
	3,706	6,175	2,767	1,967

The accompanying notes 1 to 13 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the nine months ended 30 September 2020***In thousands of Bahraini Dinars*

	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	-	-	-	-	-	-	3,890	3,890	173	4,063
Other comprehensive income	-	-	-	-	-	(358)	-	(358)	1	(357)
Total comprehensive income	-	-	-	-	-	(358)	3,890	3,532	174	3,706
Dividends declared for 2019	-	-	-	-	-	-	(2,477)	(2,477)	-	(2,477)
Donations for 2019	-	-	-	-	-	-	(30)	(30)	-	(30)
Appropriations approved by shareholders	-	-	-	-	-	-	(2,507)	(2,507)	-	(2,507)
Balance as at 30 September	11,918	(1,868)	3,990	5,959	13,585	4,257	17,024	54,865	2,989	57,854

2019
(reviewed)

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

The accompanying notes 1 to 13 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine months ended 30 September 2020
In thousands of Bahraini Dinars

	Note	30 September 2020 (reviewed)	30 September 2019 (reviewed)
OPERATING ACTIVITIES			
Insurance operations			
Premiums and commissions received, net of acquisition costs		26,863	25,081
Payments to insurance and reinsurance companies		(13,808)	(12,039)
Claims paid to policyholders		(17,163)	(15,058)
Claims recovered from reinsurers and salvage recoveries		9,426	7,509
Cash flows from insurance operations		5,318	5,493
Investment operations			
Proceeds from sale and redemptions of financial investments		13,978	8,959
Payments for purchases of financial investments		(15,419)	(6,158)
Bank deposits with maturities of more than three months		(11,099)	(12,948)
Proceeds from redemptions of placements with banks		13,632	3,497
Dividends and interests received		1,375	1,501
Dividends received from equity accounted investees		536	957
Investments in equity accounted investee		-	(105)
Advances for purchase of investment		-	(23)
Capitalized expense on investment property		-	(10)
Rent received		197	210
Cash flows from / (used in) investment operations		3,200	(4,120)
Expenses paid		(4,006)	(4,767)
Cash flows from / (used in) operating activities		4,512	(3,394)
INVESTING ACTIVITIES			
Purchase of equipment and intangible assets		(112)	(93)
Cash flows used in investing activities		(112)	(93)
FINANCING ACTIVITIES			
Dividends paid to shareholders		(2,274)	(1,461)
Dividends paid to non-controlling interest		-	(140)
Donations paid		(80)	(22)
Payment of lease liabilities		(69)	(73)
Cash flows used in financing activities		(2,423)	(1,696)
Net change in cash and cash equivalents		1,977	(5,183)
Cash and cash equivalents as at 1 January		4,254	11,181
Cash and cash equivalents as at 30 September	5	6,231	5,998

The accompanying notes 1 to 13 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

1 REPORTING ENTITY

Bahrain National Holding B.S.C (the “Company”) is domiciled in Kingdom of Bahrain. These condensed consolidated interim financial information as at and for the nine-month period ended 30 September 2020 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 2019 (“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 2019. This condensed consolidated interim financial information was authorised for issue by the Group’s Board of Directors on 9 November 2020.

The condensed consolidated interim financial information for the nine months ended 30 September 2020 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 2019, except for the adoption of relevant new IFRSs, amendments and interpretations issued by IASB that are effective for annual periods beginning on or after 1 January 2020. The adoption of these new standards / amendments did not have significant impact on the condensed consolidated interim financial information.

The condensed consolidated interim financial information is reviewed, not audited. The corresponding figures for the condensed consolidated statement of financial position have been extracted from the Group’s audited consolidated financial statements as at and for the year ended 31 December 2019 and the corresponding figures for the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows have been extracted from the Group’s 30 September 2019 reviewed condensed consolidated interim financial information.

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 2019, except for the impact of COVID-19 outbreak as explained in note 12.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

4 SEASONALITY OF INTERIM OPERATIONS

As a result of the seasonality / cyclical nature associated with the insurance business, gross premiums written and claims incurred over the financial year are not evenly spread out. This seasonality / cyclical nature 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 nine-month period ended 30 September 2020 is also of a cyclical nature and is usually declared and received in the first half of each year.

5 CASH AND CASH EQUIVALENTS

	30 September 2020	31 December 2019
Cash and bank current accounts	5,665	4,254
Placements with maturity of less than 3 months	566	-
	6,231	4,254

6 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
		2020	2019		
National Finance House BSC (c)	Kingdom of Bahrain	34.93%	34.93%	Associate	Engaged in consumer and auto finance business
Al Kindi Specialised Hospital W.L.L.	Kingdom of Bahrain	27%	27%	Associate	Engaged in providing private medical services
United Insurance Company BSC (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	26.2%	26.2%	Associate	Processing insurance claims as a third party administrator

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

6 EQUITY ACCOUNTED INVESTEEES (continued)

b) The movement in the investment in associates is as follows:

30 September 2020	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 profit	(34)	25	296	204	28	519
Dividends received	-	(30)	(550)	-	-	(580)
Share of other comprehensive income	-	58	(93)	(132)	-	(167)
	5,201	1,836	2,638	8,450	167	18,292

31 December 2019	National Finance House	Al Kindi Specialised Hospital	United Insurance Company	Arabian Shield Cooperative Insurance Company *	Health 360 Ancillary Services	Total
Opening balance	5,070	1,726	2,669	8,168	-	17,633
Investments	-	-	-	-	105	105
Share of profit	375	104	934	171	34	1,618
Dividends received	(210)	(47)	(700)	-	-	(957)
Share of other comprehensive income	-	-	82	39	-	121
	5,235	1,783	2,985	8,378	139	18,520

* 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 September 2020 was BD 10,886 thousand (31 December 2019: BD 7,776 thousand).

The Group's associates, except for Health 360, a claims management entity, were impacted by restrictions and matters related to COVID-19, therefore Group's share of equity accounted investees has significantly reduced by BD 729 thousand.

c) Reporting dates of financial information of associates

For equity accounting and for disclosing financial information of the Arabian Shield Cooperative Insurance Company, the information taken from the unaudited interim financial information for the six months ended 30 June 2020 and for the nine months ended 30 September 2019. For the other associates, the information is taken from the financial information for the period ended 30 September 2020 and for the year ended 31 December 2019.

7 APPROPRIATIONS

At the Annual General Meeting held on 13 April 2020, 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 2019 (2018: BD 0.015 per share, amounting BD 1,689 thousand).

The directors' remuneration of BD 199 thousand for the financial year ended 31 December 2019 (2018: BD 106 thousand) was also approved by the shareholders at the Annual General Meeting held on 13 April 2020.

The appropriations for the financial year ending 31 December 2020 will be made in the next Annual General Meeting.

8 OPERATING SEGMENTS

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

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

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

Medical Insurance segment comprises medical insurance products.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

8 OPERATING SEGMENTS (continued)

The following table present underwriting and profit information about the Group's operating segments for the nine months ended 30 September 2020 and 2019, respectively:

30 September 2020 (reviewed)	Motor	Property & General	Medical	Life Assurance	Corporate	Consolidation adjustments	Total
Gross insurance premiums	8,567	10,449	6,255	2,416	-	(219)	27,468
Net premiums earned	8,617	856	2,414	675	-	(92)	12,470
Net claims incurred	(4,821)	(187)	(1,608)	(493)	-	58	(7,051)
General and administration expenses - underwriting	(1,840)	(734)	(227)	(244)	-	136	(2,909)
Net commission (expense) / and fee income	(205)	720	(308)	19	-	-	226
Other income	192	90	30	29	-	-	341
Underwriting profit	1,943	745	301	(14)	-	102	3,077
Net investment income	806	806	138	464	425	(636)	2,003
Impairment losses on investment	(52)	(52)	(26)	(88)	-	-	(218)
Share of profit of equity accounted investees	-	-	-	-	223	296	519
Net income from road assist services	228	-	-	-	-	-	228
Corporate services fees	-	-	-	-	448	(448)	-
General and administration expenses - non-underwriting	(249)	(113)	(53)	(33)	(1,680)	463	(1,665)
Other income	-	-	-	-	119	-	119
Segment results	2,676	1,386	360	329	(465)	(223)	4,063

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

8 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.

9 RELATED PARTIES

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

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

Key management personnel of the Group comprise of Chief Executive Officer, 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

30 September 2020 (reviewed)	Associates	Key management personnel	Companies in which Directors' control	Total
Insurance receivables	303	1	335	639
Retirement and saving plan obligation	632	-	69	701
Insurance payables	42	-	3	45
Other liabilities	1	-	1,680	1,681

31 December 2019 (audited)	Associates	Key management personnel	Companies in which Directors control	Total
Insurance receivables	456	5	270	731
Retirement and saving plan obligation	700	-	68	768
Insurance payables	8	-	3	11
Other liabilities	-	-	1,628	1,628

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

9 RELATED PARTIES (continued)

b) Transactions with related parties

30 September 2020 (reviewed)	Associates	Key management personnel	Companies in which Directors control	Total
Gross insurance premiums	443	4	858	1,305
Gross claims paid	274	-	210	484
Claims recoveries	111	-	-	111
Commission and fee expenses	11	-	-	11
Dividend received	550	-	-	550
Retirement and saving plan contributions received	65	-	5	70
Retirement and saving plan benefits paid	156	-	6	162
General and administration expenses	-	747	121	868
Purchases of equipment	-	-	10	10

30 September 2019 (reviewed)	Associates	Key management personnel	Companies in which Directors control	Total
Gross insurance premiums	700	6	1,007	1,713
Reinsurer's share of insurance premiums	2	-	-	2
Gross claims paid	167	1	175	343
Claims recoveries	136	-	-	136
Commission and fee expenses	41	-	-	41
Dividend received	958	-	-	958
Retirement and saving plan contributions received	88	-	7	95
Retirement and saving plan benefits paid	49	-	5	54
General and administration expenses	-	594	114	708
Purchases of equipment	-	-	22	22

10 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value hierarchy

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the nine months ended 30 September 2020

In thousands of Bahraini Dinars

10 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.

30 September 2020 (reviewed)

Available-for-sale investments
Securities carried at fair value through profit or loss

Level 1	Level 2	Level 3	Total	Carrying Value
26,012	2,184	-	28,196	28,196
2,037	33	-	2,070	2,070
28,049	2,217	-	30,266	30,266

31 December 2019 (audited)

Available-for-sale investments
Securities carried at fair value through profit or loss

Level 1	Level 2	Level 3	Total	Carrying Value
25,652	1,723	-	27,375	27,375
1,748	21	-	1,769	1,769
27,400	1,744	-	29,144	29,144

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 4,335 thousand (31 December 2019: BD 2,999 thousand) whereas the fair value of the investments is BD 4,534 thousand (31 December 2019: BD 3,178 thousand). The investments in available-for-sale securities include investments in unlisted managed fund at cost and having carrying value of BD 5 thousand (31 December 2019: BD 5 thousand).

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

11 INVESTMENT PROPERTIES

The Group has investment properties which are carried at cost less accumulated depreciation of BD 2,605 thousand (31 December 2019: BD 2,731 thousand). As at 30 September 2020, the Group's assessment determined that there were not indicators of impairment or significant changes in fair value of investment properties.

The fair value was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the properties being valued.

12 SIGNIFICANT EVENT – COVID-19

During 2020, an 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 Group operates in a sector which has not been heavily affected.

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.

The Government of the Kingdom of Bahrain has granted subsidies of BD 386 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.

Despite the difficult market conditions, including skipping of dividends by several companies, the impact has been marginal. The sharp market recovery allowed the Group to book profits in international markets. Rental income from investment properties has reduced, given the Group provided 25% discount on rent to its tenants for three months.

13 COMPARATIVES

Certain corresponding figures of 2019 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 (NOT REVIEWED)
For the nine months ended 30 September 2020

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

SUPPLEMENTARY DISCLOSURE (NOT REVIEWED) (continued)

For the nine months ended 30 September 2020

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-month period ended 30 September 2020 has been assessed and it has been concluded that there is no significant impact on the overall consolidated condensed interim financial information. Further details are as follows:	

A. The impact on condensed consolidated 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 for the period.
Net claims incurred	Lower traffic reduced the frequency of motor claims for the period. This along with lower medical claims due to various restrictions and measures, have added to the overall reduction in the net claims incurred.
General and administration expenses	No material change in normal operating expenses. Lower impairment losses reported in the current period as compared to the comparable prior period due to improved receivables reconciliation and settlements.
Investment income	Despite the difficult market conditions, including skipping of dividends by several companies, the impact has been marginal. The sharp market recovery allowed the Group to book profits in international markets. Rental Income from investment properties has reduced, given the Group provided 25% discount on rent to its tenants for three months.
Share of profit of equity accounted investees	The Group's associates, except for Health 360, a claims management entity, were impacted by restrictions and matters related to COVID-19, therefore Group's share of equity accounted investees has significantly reduced by BD 729 thousand.
Other income	The Group has reported the Government financial assist under “other income” which includes Government support provided on salaries of BD 386 thousand, utilities of BD 35 thousand and land rent holiday of BD 6 thousand.

SUPPLEMENTARY DISCLOSURE (NOT REVIEWED) (continued)

For the nine months ended 30 September 2020

B. The impact on condensed consolidated 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.
Property and equipment	The additional direct capital expenditure related to COVID-19 measures was BD 19 thousand, primarily towards IT costs to facilitate work from home.
Liabilities	
Insurance and other liabilities	No material impacts. The Group is sufficiently capitalized and our net reserves at 110% 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.
Donations	
Donations paid	The Group donated BD 76 thousand in aid to the Government's effort to combat the impact of COVID-19.

C. The impact on the Group's ability to continue as going concern
<p>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 2019. As a result, this interim condensed consolidated financial information has been appropriately prepared on a going concern basis.</p>