

**Emirates Insurance Company P.J.S.C.**

Condensed interim financial information

30 September 2020

**Principal business address:**

Emirates Insurance Company P.J.S.C.

P.O. Box: 3856

Abu Dhabi

UAE

# **Emirates Insurance Company P.J.S.C.**

## **Condensed interim financial information**

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**THE BOARD OF DIRECTORS' REPORT FOR THE PERIOD ENDED 30 September 2020**

The Board of Directors takes pleasure in presenting the unaudited results for the first nine months of 2020.

<b><u>Statement of profit or loss</u></b>	<b>AED'000</b>		
	<b>Sep-2020</b>	<b>Sep-2019</b>	<b>Movement</b>
		<i>Restated</i>	
Gross premium	841,004	914,686	-8.1%
Net premium earned	402,037	426,884	-5.8%
Net commission expense	42,880	54,606	-21.5%
Net claims incurred	210,592	256,492	-17.9%
<b>Net underwriting income</b>	<b>148,565</b>	<b>115,786</b>	<b>28.3%</b>
Net investment income	32,809	56,503	-41.9%
<b>Total income</b>	<b>181,374</b>	<b>172,289</b>	<b>5.3%</b>
General and administrative expenses	88,401	88,151	0.3%
Other expenses, net	5,334	11,422	-53.3%
<b>Profit for the period</b>	<b>87,639</b>	<b>72,716</b>	<b>20.5%</b>
<b><u>Ratios</u></b>			
Earnings per share (Fils)	58.4	48.5	20.4%
	<b>Sept 2020</b>	<b>Dec2019</b>	
		<i>Restated</i>	
Shareholder's equity	1,032,753	1,108,888	-6.9%
Total assets	3,194,983	2,707,038	18.0%

**Management Commentary Q3 20**

Like all commercial entities around the world the Covid crisis continued to impact EIC's turnover during Q3. EIC's Gross Written Premium declined by 8.1% during the 1<sup>st</sup> 9 months of the year. Falls in new and used car sales combined with even more intense competition for the remaining insurance business left our motor portfolio facing the brunt of this fall in premium income. Turnover in our domestic non motor business in fact held up very well – a tribute to the efforts of the management and staff and the robustness of our commercial client relationships in these uniquely difficult times.

In the face of obvious sales challenges, I am pleased that the company has recorded a strong underwriting performance for the year to date, 28.3% higher than the same period last year. Reduced commission expense and a much improved loss ratio in motor following the underwriting steps we took earlier in the year to address performance deterioration both contributed to an overall improvement in loss ratio. The Company's loss ratio is strong at 52%, compared to 60% at the end of Q3\_19.

Administration expenses remained flat compared to last year, despite the challenges the company faced ensuring "business as usual" with most of our staff working from home for an extended period of time due to COVID.

Other expenses have declined mainly due to a lower provision for staff bonuses and an improved foreign exchange currency position.

**Investment Performance:**

EIC's Net Investment Income for the nine-month period ended 30<sup>th</sup> September 2020 declined by 42% to AED 32,8m over the same period last year; the investment income improved by 96% q/q relative to Q2'2020.

Despite a marked portfolio drawdown in Q1'2020 stemming from a largely negative undertone across global markets, which still seemingly appears to be in play, the total investment portfolio's notable turnaround of approximately AED 138m was possible owing to EIC's long-term investment view, interim tactical allocations and a fundamentally driven investing style.

EIC remains focused on navigating the market volatility optimally and has adopted varied short-term and long-term allocation views across broad asset classes. Going into Q4'2020, EIC continues to retain a caution stance while tactical plays should prove critical in potentially cushioning any short-term adverse market implications.

**Net profit**

Our strong technical performance, despite severe market challenges, was able to absorb the drop in investment income resulting in an increase in net profit of 20.5% compared to Q3\_19 delivering a net profit of Aed87.6m for the 1<sup>st</sup> nine months of 2020.

**Balance Sheet:**

The Total Assets of the Company have increased by 18.0% compared to the same period last year and now exceed Aed3,19bn.

Shareholder's Equity is 6.9% lower than Q4\_19, not only due to the good dividends paid early in 2020 but also the severe impact COVID has had on the business and investment environment across the world.

Our liquidity and working capital position remain very strong with AED336m available as cash resources.

I am also pleased to report that the international credit rating agencies, AM Best and S&P Global have recently reaffirmed EIC's "A-" ratings both with stable outlooks.



**ABDULLAH M. MAZRUI**  
**CHAIRMAN**  
**11 November 2020**



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## **Independent Auditors' Report on Review of Condensed Interim Financial Information**

To the Shareholders of Emirates Insurance Company P.J.S.C.

### *Introduction*

We have reviewed the accompanying 30 September 2020 condensed interim financial information of Emirates Insurance Company P.J.S.C. (the "Company"), which comprises:

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

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 the 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 30 September 2020 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*Emphasis of Matter – comparative information*

We draw attention to Note 22 to the condensed interim financial information which indicates that the comparative financial information presented as at 31 December 2019 and for the three-month and nine-month periods ended 30 September 2019 has been restated. Our conclusion is not modified in respect of this matter.

*Other Matter Relating to Comparative Information*

The Financial statements of the Company as at and for the year ended 31 December 2018 (from which the statement of financial position as at 1 January 2019 has been derived), excluding the adjustments described in Note 22 to the condensed interim financial information were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 February 2019.

As part of our review of the condensed interim financial information as at and for the three-month and nine-month periods ended 30 September 2020, we reviewed the adjustments described in Note 22 that were applied to restate the comparative information as at 1 January 2019 (not presented herein). We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2018 or the adjustment described in Note 22 to the condensed interim financial information. Accordingly, we do not express an opinion, conclusion or any other form of assurance on those financial statements taken as a whole. However, in our conclusion, the adjustments described in Note 22 are appropriate or have been properly applied.

KPMG Lower Gulf Limited

Saif Fayeze Shamer  
Registration No: 1131  
Abu Dhabi, United Arab Emirates

Date: 11 NOV 2020

# Emirates Insurance Company P.J.S.C.

## Condensed interim statement of financial position

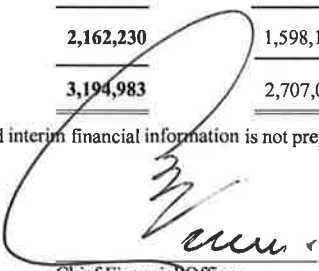
as at

		(Unaudited) 30 September 2020	(Audited) 31 December 2019 (Restated)*
	Note	AED'000	AED'000
<b>Assets</b>			
Property and equipment		14,922	16,027
Statutory deposit	4	10,000	10,000
Investment properties	5	4,784	5,674
Financial assets at amortised cost	6	184,728	189,708
Financial assets at fair value through other comprehensive income ("FVTOCI")	6	623,542	648,261
Financial assets at fair value through profit or loss	6	342,867	395,836
Insurance receivables	7	326,900	301,481
<i>Reinsurers' share of technical reserves:</i>			
Unearned premiums reserve	8	259,055	215,811
Outstanding claims reserve	8	895,763	436,181
Claims incurred but not reported reserve	8	107,696	79,934
Unexpired risk reserve	8	-	1,608
Other receivables and prepayments		88,580	83,928
Term deposits	9	159,027	205,792
Cash and cash equivalents	9	177,119	116,797
<b>Total assets</b>		<b>3,194,983</b>	<b>2,707,038</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	150,000	150,000
Statutory reserve	11	75,000	75,000
General reserve	12	600,000	600,000
Cumulative change in FVTOCI		111,813	191,806
Retained earnings		95,940	92,082
<b>Total equity</b>		<b>1,032,753</b>	<b>1,108,888</b>
<b>Liabilities</b>			
Employees' end of service benefit obligation		18,350	17,266
Accruals and other liabilities		24,412	31,605
Deferred income		34,562	25,733
		<b>77,324</b>	<b>74,604</b>
<i>Insurance liabilities</i>			
Insurance liabilities		185,272	146,534
Other payables	13	12,196	11,315
Reinsurance deposits retained		28,298	24,989
		<b>225,766</b>	<b>182,838</b>
<i>Gross technical reserves</i>			
Unearned premiums reserve	8	503,580	468,653
Outstanding claims reserve	8	1,159,172	699,606
Claims incurred but not reported reserve	8	178,884	156,044
Unallocated loss adjustment expenses reserve	8	15,134	13,899
Unexpired risk reserve	8	2,370	2,506
<b>Total technical reserves</b>		<b>1,859,140</b>	<b>1,340,708</b>
<b>Total liabilities</b>		<b>2,162,230</b>	<b>1,598,150</b>
<b>Total equity and liabilities</b>		<b>3,194,983</b>	<b>2,707,038</b>

To the best of our knowledge, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

  
Chairman of the Board of Directors

  
Chief Executive Officer

  
Chief Financial Officer

The notes set out on pages 10 to 25 form an integral part of this condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 3 and 4.

\* Refer to note 22 for details.

# Emirates Insurance Company P.J.S.C.

## Condensed interim statement of profit or loss for the period ended 30 September (Unaudited)

		Three-month period ended 2020	Three-month period ended 2019 (Restated)*	Nine-month period ended 2020	Nine-month period ended 2019 (Restated)*
	Note	AED'000	AED'000	AED'000	AED'000
Gross written premiums		232,979	289,961	841,004	914,686
Reinsurance share of direct business premiums		(121,101)	(136,143)	(387,181)	(393,039)
Reinsurance share of assumed business premiums		(16,872)	(15,130)	(60,103)	(52,766)
<b>Net written premiums</b>		<b>95,006</b>	138,688	<b>393,720</b>	468,881
Net change in unearned premiums reserves		30,144	19,843	8,317	(41,997)
<b>Net premiums earned</b>		<b>125,150</b>	158,531	<b>402,037</b>	426,884
Commission income		15,857	14,489	46,180	42,415
Commission expenses		(29,883)	(36,365)	(89,060)	(97,022)
<b>Gross underwriting income</b>		<b>111,124</b>	136,655	<b>359,157</b>	372,277
Gross claims paid		(108,774)	(111,677)	(386,234)	(339,130)
Reinsurance share of gross claims paid		35,245	30,152	161,769	95,156
Reinsurance share of ceded business claims paid		3,441	6,352	11,643	28,660
<b>Net claims paid</b>		<b>(70,088)</b>	(75,173)	<b>(212,822)</b>	(215,314)
Change in outstanding claims reserve		(46,157)	(9,351)	(459,566)	(1,710)
Change in reinsurance share of outstanding claims reserve		57,325	(3,758)	459,582	(30,163)
Change in incurred but not reported claims reserve - net		(606)	(5,178)	4,922	(6,954)
Change in unallocated loss adjustment expense reserve		(324)	(45)	(1,235)	(361)
Change in unexpired risk reserve		(49)	(1,689)	(1,472)	(1,989)
<b>Net claims incurred</b>		<b>(59,899)</b>	(95,194)	<b>(210,591)</b>	(256,491)
<b>Net underwriting income</b>		<b>51,225</b>	41,461	<b>148,566</b>	115,786
Net investment income	15	15,680	8,066	31,566	53,829
Income from investment properties		361	739	1,242	2,675
<b>Total income</b>		<b>67,266</b>	50,266	<b>181,374</b>	172,290
General and administrative expenses		(26,924)	(30,299)	(82,864)	(83,644)
Reversal / (charge) of allowance for expected credit losses on financial assets		(2,753)	(375)	(3,947)	(5,061)
Other expenses - net		(5,298)	(1,695)	(5,334)	(9,360)
Foreign currency exchange fluctuation		2,040	(677)	(1,591)	(1,508)
<b>Profit for the period</b>	16	<b>34,331</b>	17,220	<b>87,638</b>	72,717
<b>Basic and diluted earnings per share</b>	17	<b>0.23</b>	0.11	<b>0.58</b>	0.48

The notes set out on pages 10 to 25 form an integral part of these condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 3 and 4.

\* Refer to note 22 for details.



## Emirates Insurance Company P.J.S.C.

### Condensed interim statement of profit or loss and other comprehensive income for the period ended 30 September (Unaudited)

	Three-month period ended 2020 AED'000	Three-month period ended 2019 (Restated)* AED'000	Nine-month period ended 2020 AED'000	Nine-month period ended 2019 (Restated)* AED'000
<b>Profit for the period</b>	<b>34,331</b>	17,220	<b>87,638</b>	72,717
<i>Items that will not be reclassified subsequently to statement of profit or loss:</i>				
Changes in fair value of equity instruments at fair value through other comprehensive income - net	42,858	18,844	(70,668)	8,804
<i>Items that are or may be reclassified subsequently to statement of profit or loss:</i>				
Changes in fair value of debt instruments at fair value through other comprehensive income	(4)	-	(3,106)	-
(Charge) / reversal of impairment loss on debt instruments measured at fair value through other comprehensive income	(6)	-	1	-
<b>Other comprehensive income / (loss) for the period</b>	<b>42,848</b>	18,844	<b>(73,773)</b>	8,804
<b>Total comprehensive income for the period</b>	<b>77,179</b>	36,064	<b>13,865</b>	81,521

The notes set out on pages 10 to 25 form an integral part of these financial statements.

The independent auditor's report is set out on pages 3 and 4.

\* Refer to note 22 for details.

## Emirates Insurance Company P.J.S.C.

### Condensed interim statement of changes in equity for the nine-month period ended 30 September (Unaudited)

	Share capital AED'000	Statutory reserve AED'000	General Reserve AED'000	Cumulative change in FVTOCI AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2019 (Audited) (as previously reported)	150,000	75,000	545,000	174,978	177,552	1,122,530
Impact of correction of error (note 22)	-	-	-	-	(52,700)	(52,700)
Balance at 1 January 2019 (Audited) – Restated*	150,000	75,000	545,000	174,978	124,852	1,069,830
<i>Total comprehensive income:</i>						
Profit for the period – Restated*	-	-	-	-	72,717	72,717
Other comprehensive income for the period	-	-	-	8,804	-	8,804
Total comprehensive income for the period	-	-	-	8,804	72,717	81,521
<i>Transactions with owners of the Company:</i>						
Dividends (note 10)	-	-	-	-	(82,500)	(82,500)
Total transactions with owners of the Company	-	-	-	-	(82,500)	(82,500)
Transfer to retained earnings on disposal of equity investments designated at FVOCI	-	-	-	(6,853)	6,853	-
Balance at 30 September 2019 (Unaudited) – Restated*	150,000	75,000	545,000	176,929	121,922	1,068,851
Balance at 1 January 2020 (Audited)	150,000	75,000	600,000	191,806	171,741	1,188,547
Impact of correction of error (note 22)	-	-	-	-	(79,659)	(79,659)
Balance at 1 January 2020 (Audited) – Restated*	150,000	75,000	600,000	191,806	92,082	1,108,888
<i>Total comprehensive income:</i>						
Profit for the period	-	-	-	-	87,638	87,638
Other comprehensive loss for the period	-	-	-	(73,773)	-	(73,773)
Total comprehensive income for the period	-	-	-	(73,773)	87,638	13,865
<i>Transactions with owners of the Company:</i>						
Dividends (note 10)	-	-	-	-	(90,000)	(90,000)
Total transactions with owners of the Company	-	-	-	-	(90,000)	(90,000)
Transfer to retained earnings on disposal of equity investments designated at FVTOCI	-	-	-	(6,220)	6,220	-
<b>Balance at 30 September 2020 (Unaudited)</b>	<b>150,000</b>	<b>75,000</b>	<b>600,000</b>	<b>111,813</b>	<b>95,940</b>	<b>1,032,753</b>

The notes set out on pages 10 to 25 form an integral part of these condensed interim financial information.

\* Refer to note 22 for details.

# Emirates Insurance Company P.J.S.C.

## Condensed interim statement of cash flows for the nine-month period ended 30 September (Unaudited)

	2020	2019
	AED'000	(Restated)* AED'000
<b>Cash flows from operating activities</b>		
Profit for the period	87,638	72,717
<b>Adjustments for:</b>		
Depreciation of property and equipment	16 4,000	3,715
Depreciation of investment properties	16 435	410
Net loss / (gain) on disposal of investments in securities	15 6,411	(8,054)
Unrealised loss / (gain) on investments measured at FVTPL	15 2,648	(7,858)
Premium amortisation	6 917	371
Dividends from investments in securities	15 (25,098)	(21,404)
Charge of allowance for expected credit losses on financial assets	3,917	5,061
Charge for employees' end of service benefit obligation	2,708	2,725
Interest income	(17,846)	(18,600)
<b>Cash flow from operating activities</b>	<b>65,730</b>	<b>29,083</b>
Net movement in reinsurers' share of technical reserves	(528,980)	(26,490)
Net movement in gross technical reserves	518,432	109,664
Increase in insurance receivables	(29,251)	(18,965)
Increase in other receivables and prepayments	(6,621)	(25,899)
Increase in insurance liabilities	38,738	45,604
Increase / (decrease) in other payables	269	(3,475)
Increase / (decrease) in reinsurance deposit retained	3,309	(594)
Increase in deferred income	8,829	6,263
Decrease in accruals and other liabilities	(7,193)	(2,636)
<b>Cash generated from operations</b>	<b>63,262</b>	<b>112,555</b>
Payment for employees' end of service benefit obligation	(1,624)	(2,430)
<b>Net cash from operating activities</b>	<b>61,638</b>	<b>110,125</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of property and equipment	(1,796)	(4,350)
Payments for purchase of financial assets	(284,421)	(315,336)
Proceeds from disposal of financial assets	283,240	233,365
Net movement in term deposits	46,780	(22,313)
Dividends received	25,098	21,404
Interest income received	19,815	18,242
<b>Net cash generated from / (used in) investing activities</b>	<b>88,716</b>	<b>(68,988)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(90,000)	(82,500)
Repayment of lease liability	(32)	-
<b>Net cash used in financing activities</b>	<b>(90,032)</b>	<b>(82,500)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>60,322</b>	<b>(41,363)</b>
Cash and cash equivalents at the beginning of the period	116,797	127,599
<b>Cash and cash equivalents at the end of the period</b>	<b>177,119</b>	<b>86,236</b>

The notes set out on pages 10 to 25 form an integral part of these financial statements.

The independent auditor's report is set out on pages 3 and 4.

\*Refer note 22 for details.

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 1 Legal status and activities

Emirates Insurance Company P.J.S.C. (the “Company”) is a public joint stock company which was incorporated in Abu Dhabi, United Arab Emirates on 27 July 1982. The Company is registered in accordance with UAE Federal Law No. (6) of 2007 concerning Insurance Companies and Agents and is governed by the provisions of the Federal Law No. (2) of 2015 concerning the commercial companies which has come into effect from 1 July 2015, Insurance Authority Board decision No. (25) of 2014 pertinent to Financial Regulations for insurance companies and Insurance Authority's Board of Directors Decision No. (23) of 2019 concerning Instructions Organizing Reinsurance Operations, and is registered in the Insurance Companies Register under registration No. (2). The Company's principal activity is writing of general insurance and reinsurance business of all classes. The Company operates through its head office in Abu Dhabi and branch offices in Dubai, Al Ain and Jebel Ali Freezone. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 3856, Abu Dhabi, United Arab Emirates.

### 2 Basis of preparation

#### (a) *Statement of compliance*

This condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* and also comply with the applicable requirements of the laws in the UAE. It does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2019, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

#### (b) *Basis of measurement*

The condensed interim financial information has been prepared under the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values.

#### (c) *Functional and reporting currency*

This condensed interim financial information is presented in United Arab Emirates Dirhams (“AED”), which is the Company's functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

#### (d) *Use of judgments and estimates*

In preparing this condensed interim financial information, management has made judgments and estimates 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.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements for the year ended 31 December 2019.

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 3 Significant accounting policies

The accounting policies applied in the condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2019.

#### 3.1 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 however these do not have a material impact on the condensed interim financial information.

### 4 Statutory deposit

In accordance with the requirements of UAE Federal Law No. (6) of 2007 concerning Insurance Companies and Agents, the Company maintains a bank deposit of AED 10,000,000 (31 December 2019: AED 10,000,000) which cannot be utilised without the consent of the UAE Insurance Authority.

### 5 Investment properties

Investment properties represent the cost, net of accumulated depreciation and impairment, of properties owned by the Company in Abu Dhabi, Al Ain and Mussafah. Land for the construction of the Abu Dhabi and Al Ain buildings have been allotted free of cost by the Executive Council of Abu Dhabi and land for the construction of Mussafah building is on a long-term lease from the Abu Dhabi Municipality and Urban Planning Department which is classified as right-of-use asset.

### 6 Investments in securities

The Company's investments at the end of the reporting period are detailed below:

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<b>Financial assets at amortised cost</b>		
Fixed income portfolio	185,084	189,965
Less: allowance for expected credit losses	(356)	(257)
	<u>184,728</u>	<u>189,708</u>
<b>Financial assets at fair value through other comprehensive income</b>		
Quoted UAE equity securities	419,931	508,794
Unquoted UAE equity securities	2,760	3,141
Investment funds	105,666	74,191
Unquoted overseas equity securities	3,170	3,739
Bond portfolio	92,015	58,396
	<u>623,542</u>	<u>648,261</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 6 Investments in securities (continued)

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<b>Financial assets at fair value through profit or loss</b>		
Quoted UAE equity securities	37,939	60,242
Unquoted UAE equity securities	1,048	1,050
Investment funds	75,710	82,096
Unquoted overseas equity securities	10,012	10,545
Bond portfolio	218,158	241,903
	<u>342,867</u>	<u>395,836</u>
The movement in investments during the period / year is as follows:		
<b>Financial assets at amortised cost</b>		
Amortised cost at the beginning of the period / year	189,708	179,380
Purchases	5,033	20,190
Disposals	(1,101)	(2,998)
Capital repayment	(7,896)	(6,337)
Premium amortisation	(917)	(500)
Allowance for expected credit losses	(99)	(27)
	<u>184,728</u>	<u>189,708</u>
<b>Financial assets at fair value through other comprehensive income</b>		
Fair value at the beginning of the period / year	648,261	534,495
Purchases	87,879	134,092
Disposals	(38,824)	(28,716)
Change in fair values of equity instruments	(70,668)	8,390
Change in fair values of debt instruments	(3,106)	-
	<u>623,542</u>	<u>648,261</u>
<b>Financial assets at fair value through profit or loss</b>		
Fair value at the beginning of the period / year	395,836	384,197
Purchases	191,509	273,552
Disposals	(241,830)	(281,723)
Change in fair values taken to profit or loss	(2,648)	19,810
	<u>342,867</u>	<u>395,836</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 7 Insurance receivables

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 (Restated)* AED'000
Due from policy holders	38,218	29,175
Due from policy holders – related parties ( <i>note 14</i> )	15,864	9,728
	<u>54,082</u>	<u>38,903</u>
Due from insurance / reinsurance companies	46,729	34,367
Due from brokers / agents	250,873	249,163
Less: allowance for expected credit losses	(24,784)	(20,952)
	<u>326,900</u>	<u>301,481</u>
Movement in the allowance for expected credit losses:		
Balance at beginning of the period / year	20,952	17,902
Charge recognised during the period / year	3,832	3,050
<b>Balance at the end of the period / year</b>	<u>24,784</u>	<u>20,952</u>

\* Refer note 22 for details.

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 8 Insurance contract liabilities and reinsurance contract assets

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 (Restated)* AED'000
<b>Gross technical reserves</b>		
- Unearned premiums reserve	503,580	468,653
- Outstanding claims reserve	1,159,172	699,606
- Claims incurred but not reported reserve	178,884	156,044
- Unallocated loss adjustment expenses reserve	15,134	13,899
- Unexpired risk reserve	2,370	2,506
	<u>1,859,140</u>	<u>1,340,708</u>
<b>Reinsurers' share of technical reserves</b>		
- Unearned premiums reserve	259,055	215,811
- Outstanding claims reserve	895,763	436,181
- Claims incurred but not reported reserve	107,696	79,934
- Unexpired risk reserve	-	1,608
	<u>1,262,514</u>	<u>733,534</u>
<b>Technical reserves - net</b>		
- Unearned premiums reserve	244,525	252,842
- Outstanding claims reserve	263,409	263,425
- Claims incurred but not reported reserve	71,188	76,110
- Unallocated loss adjustment expenses reserve	15,134	13,899
- Unexpired risk reserve	2,370	898
	<u>596,626</u>	<u>607,174</u>
<b>9 Cash and cash equivalents</b>		
Cash at banks inside UAE	174,760	112,342
Cash at banks outside UAE	185	426
Cash in hand	2,243	4,068
<b>Cash and bank balances</b>	<u>177,188</u>	<u>116,836</u>
Term deposits (i)	159,111	205,891
	<u>336,299</u>	<u>322,727</u>
Less: deposits with original maturities of three months or more (i),(ii)	(159,111)	(205,891)
<b>Cash and cash equivalents</b>	<u>177,188</u>	<u>116,836</u>
Less: allowance for expected credit losses	(69)	(39)
	<u>177,119</u>	<u>116,797</u>



# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 9 Cash and cash equivalents (continued)

- (i) Term deposits carry interest rates ranging from 1.3% to 4.0% (31 December 2019: 2.2% to 4.0%) per annum. All term deposits with original maturity of three months or more are placed with banks and financial institutions within UAE.
- (ii) Term deposits with original maturities of three months or more, net of allowance for expected credit losses of AED 84 thousand (31 December 2019: AED 99 thousand), amount to AED 159,027 thousand (31 December 2019: AED 205,792 thousand).

### 10 Issued and paid up share capital

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<b>Authorised:</b> 150,000,000 (2019: 150,000,000) shares of AED 1 each	<u>150,000</u>	<u>150,000</u>
<b>Allotted, issued and fully paid:</b> 150,000,000 (2019: 150,000,000) shares of AED 1 each	<u>150,000</u>	<u>150,000</u>

At the Annual General Meeting held on 26 March 2020, the Shareholders approved a cash dividend in respect of 2019 results amounting to AED 90.0 million (2019: in respect of 2018 results amounting to AED 82.5 million).

### 11 Statutory reserve

In accordance with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to a non-distributable reserve until the balance of the reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

### 12 General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors. This reserve may be used for such purposes as the Directors deem fit.

### 13 Other payables

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Other insurance payables	8,456	9,330
Due to related parties (note 14)	3,740	1,985
	<u>12,196</u>	<u>11,315</u>

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 14 Related parties

Related parties comprise the Directors of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The Company maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows:

	<i>(Unaudited)</i> <b>30 September</b> 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<i>Included in insurance receivables (note 7)</i>		
Due from policy holders (Directors' affiliates)	<u>15,864</u>	<u>9,728</u>
<i>Included in other payables (note 13)</i>		
Due to policy holders (Directors' affiliates)	<u>3,740</u>	<u>1,985</u>
<i>Key management personnel</i>		
Long-term benefits	<u>7,978</u>	<u>7,231</u>

During the period, the Company entered into the following transactions with related parties:

	<i>(Unaudited)</i> <b>Three-month</b> <b>period ended</b> 2020 AED'000	<i>(Unaudited)</i> Three-month period ended 2019 AED'000	<i>(Unaudited)</i> <b>Nine-month</b> <b>period ended</b> 2020 AED'000	<i>(Unaudited)</i> Nine-month period ended 2019 AED'000
Gross premiums written to Directors' affiliates	<u>16,760</u>	<u>17,493</u>	<u>30,114</u>	<u>29,665</u>
Gross claims paid to Directors' affiliates	<u>643</u>	<u>881</u>	<u>1,522</u>	<u>3,778</u>
Board of Directors' remuneration paid	<u>-</u>	<u>687</u>	<u>2,720</u>	<u>2,062</u>
Remuneration of key management personnel	<u>3,765</u>	<u>3,908</u>	<u>11,778</u>	<u>12,195</u>

The remuneration of the Board of Directors is subject to approval by the Shareholders and as per limits set by the UAE Federal Law No. (2) of 2015 concerning Commercial Companies.

The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 15 Net investment income

	<i>(Unaudited)</i> Three-month period ended 2020 AED'000	<i>(Unaudited)</i> Three-month period ended 2019 AED'000	<i>(Unaudited)</i> Nine-month period ended 2020 AED'000	<i>(Unaudited)</i> Nine-month period ended 2019 AED'000
Dividends from investments in securities	1,207	(311)	25,098	21,404
Unrealised gain / (loss) on investments measured at fair value through profit or loss	10,354	285	(2,648)	7,858
Net (loss) / gain on disposal of investments	(839)	1,851	(6,411)	8,054
Interest on bonds and deposits	5,747	6,509	17,846	18,527
Investment expenses	(789)	(268)	(2,319)	(2,014)
	<u>15,680</u>	<u>8,066</u>	<u>31,566</u>	<u>53,829</u>

### 16 Profit for the period

Profit for the period is arrived at after charging the following:

	<i>(Unaudited)</i> Three-month period ended 2020 AED'000	<i>(Unaudited)</i> Three-month period ended 2019 AED'000	<i>(Unaudited)</i> Nine-month period ended 2020 AED'000	<i>(Unaudited)</i> Nine-month period ended 2019 AED'000
Staff costs	18,406	18,376	57,136	55,128
Depreciation of property and equipment	1,295	1,238	4,000	3,715
Depreciation of investment properties	120	137	435	410
Rental expenses	1,019	1,132	2,564	3,397

### 17 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares used to calculate basic earnings per share, plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 17 Basic and diluted earnings per share *(continued)*

The following reflects the profit and shares data used in the earnings per share computations:

	<i>(Unaudited)</i> Three-month period ended September 2020 AED'000	<i>(Unaudited)</i> Three- month period ended September 2019 AED'000	<i>(Unaudited)</i> Nine-month period ended September 2020 AED'000	<i>(Unaudited)</i> Nine-month period ended September 2019 AED'000
Profit for the period (AED '000)	<u>34,331</u>	<u>17,221</u>	<u>87,638</u>	<u>72,717</u>
Weighted average number of ordinary shares (shares in '000)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Earnings per share for the period – basic and diluted (AED)	<u>0.23</u>	<u>0.11</u>	<u>0.58</u>	<u>0.48</u>

### 18 Commitments and contingent liabilities

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Commitments in respect of unquoted overseas securities	<u>9,705</u>	<u>12,530</u>
Bank guarantees	<u>7,860</u>	<u>8,666</u>

The above bank guarantees were issued in the normal course of business.

#### *Legal proceedings*

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 19 Segment information

For operating purposes, the Company is organised into two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor, general accident and miscellaneous.
- Investments – incorporating investments in marketable equity securities and investment funds, bonds, term deposits with banks and investment properties and other securities.

#### 19.1 Primary segment information - Business segments

The following is an analysis of the Company's revenue and results by business segments:

	9 months ended 30 September (Unaudited)					
	Underwriting		Investments		Total	
	2020	2019 (Restated)*	2020	2019	2020	2019 (Restated)*
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Segment revenue</b>	<b>887,184</b>	957,101	<b>35,627</b>	60,827	<b>922,811</b>	1,017,928
Segment result	<b>148,566</b>	115,786	<b>32,808</b>	56,504	<b>181,374</b>	172,290
Unallocated expenses					<b>(93,736)</b>	(99,573)
<b>Profit for the period</b>					<b>87,638</b>	72,717

	3 months ended 30 September (Unaudited)					
	Underwriting		Investments		Total	
	2020	2019 (Restated)*	2020	2019	2020	2019 (Restated)*
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Segment revenue</b>	<b>248,836</b>	304,450	<b>19,850</b>	10,186	<b>268,686</b>	314,636
Segment result	<b>51,225</b>	41,461	16,041	8,805	67,266	50,266
Unallocated expenses					<b>(32,935)</b>	(33,046)
<b>Profit for the period</b>					<b>34,331</b>	17,220

There were no transactions between the two business segments.

\*Refer note 22 for details

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 19 Segment information *(continued)*

#### 19.1 Primary segment information - Business segments *(continued)*

The following is an analysis of the Company's assets and liabilities by business segments:

	Underwriting		Investments		Total	
	(unaudited) 30 September 2020 AED'000	(audited) 31 December 2019 (Restated)* AED'000	(unaudited) 30 September 2020 AED'000	(audited) 31 December 2019 AED'000	(unaudited) 30 September 2020 AED'000	(audited) 31 December 2019 (Restated)* AED'000
Segment assets	<u>1,668,426</u>	<u>1,137,519</u>	<u>1,339,369</u>	<u>1,452,721</u>	<u>3,007,795</u>	<u>2,590,240</u>
Unallocated assets					<u>187,188</u>	<u>116,798</u>
Total assets					<u>3,194,983</u>	<u>2,707,038</u>
Segment liabilities	<u>2,141,144</u>	<u>1,570,341</u>	<u>2,738</u>	<u>1,213</u>	<u>2,143,882</u>	<u>1,571,554</u>
Unallocated liabilities					<u>18,348</u>	<u>26,596</u>
Total liabilities					<u>2,162,230</u>	<u>1,598,150</u>

There were no transactions between the two business segments.

\*Refer note 22 for details

### 20 Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 20 Fair value of financial instruments (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>At 30 September 2020 (Unaudited)</b>				
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted UAE equity securities	419,931	-	-	419,931
Unquoted UAE equity securities	-	-	2,760	2,760
Investment funds	97,925	-	7,741	105,666
Unquoted overseas equity securities	-	-	3,170	3,170
Bond portfolio	92,015	-	-	92,015
<i>Financial assets measured at fair value through profit or loss</i>				
Quoted UAE equity securities	37,939	-	-	37,939
Unquoted UAE equity securities	-	-	1,048	1,048
Investment funds	51,462	-	24,248	75,710
Unquoted overseas equity securities	-	-	10,012	10,012
Bond portfolio	218,158	-	-	218,158
<b>Total</b>	<b>917,430</b>	<b>-</b>	<b>48,979</b>	<b>966,409</b>
<b>At 31 December 2019 (Audited)</b>				
<i>Financial assets measured at fair value through other comprehensive income</i>				
Quoted UAE equity securities	508,794	-	-	508,794
Unquoted UAE equity securities	-	-	3,141	3,141
Investment funds	65,989	-	8,202	74,191
Unquoted overseas equity securities	-	-	3,739	3,739
Bond portfolio	58,396	-	-	58,396
<i>Financial assets measured at fair value through profit or loss</i>				
Quoted UAE equity securities	60,242	-	-	60,242
Unquoted UAE equity securities	-	-	1,050	1,050
Investment funds	57,904	-	29,700	87,604
Unquoted overseas equity securities	-	-	5,036	5,036
Bond portfolio	241,904	-	-	241,904
<b>Total</b>	<b>993,229</b>	<b>-</b>	<b>50,868</b>	<b>1,044,097</b>

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements during the period.

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 20 Fair value of financial instruments (continued)

The investments in quoted equities and bond portfolio are valued based on quoted prices in an active market and thus these have been classified as Level 1.

For investment in funds, the fair values are based on Net Asset Values (NAV) calculated by the respective fund managers. For investments in unquoted equity securities, the fair values are based on internal valuation techniques such as discounted cash flows and comparable companies' multiples. The valuation of funds and unquoted equity securities qualifies as Level 3 fair value measurement.

#### Reconciliation of Level 3 fair value measurements:

	Financial assets measured at fair value through profit or loss AED'000	Financial assets measured at fair value through other comprehensive income AED'000	Total AED'000
<b>At 30 September 2020 (Unaudited)</b>			
Opening balance	35,787	15,082	50,869
Purchases	2,825	-	2,825
Disposals	(11,959)	(817)	(12,776)
Total gains or (losses):			
- in profit or loss	8,655	-	8,655
- in other comprehensive income	-	(594)	(594)
	<u>35,308</u>	<u>1,3671</u>	<u>48,979</u>
<b>Closing balance</b>			
<b>At 31 December 2019 (Audited)</b>			
Opening balance	49,368	14,027	63,395
Purchases	5,694	3,700	9,394
Disposals	(17,488)	(2,970)	(20,458)
Total gains or (losses):			
- in profit or loss	(1,787)	-	(1,787)
- in other comprehensive income	-	325	325
	<u>35,787</u>	<u>15,082</u>	<u>50,869</u>
<b>Closing balance</b>			

Following are the fair value of financial assets that are not measured at fair value (but fair value disclosures are required):

	<i>(Unaudited)</i>		<i>(Audited)</i>	
	At 30 September 2020		At 31 December 2019	
	Carrying amount AED'000	Fair value AED'000	Carrying amount AED'000	Fair value AED'000
<b>Financial assets</b>				
Investments at amortised cost	<u>185,084</u>	<u>192,583</u>	<u>189,708</u>	<u>195,742</u>

Investments at amortised cost comprise mainly of fixed income bonds and sukuks. The fair value of these bonds and sukuks are determined based on quoted prices in an active market and classified as Level 1 fair value measurement. Except for the above, management consider that the carrying amounts of financial assets recognised in the financial statements approximate their fair value.



# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 21 Financial risk management

Except as disclosed in note 23, the Company's risk management policies with regards to financial instruments are the same as those disclosed in note 33 to the annual financial statements of the Company for the year ended 31 December 2019.

### 22 Correction of error

During the period, the Company has identified that due to an error in the manual interface between the Company's International Department's operating system (RMS) and the Company's main operating and financial management system (Premia 11) a sub set of the International Treaty Department's underwriting data mainly relating to claims had, from the original implementation of RMS in 2016, never been properly recorded in Premia. Consequently, the Company's net profits were misstated for 2016 onwards.

This error has been rectified by restatement of corresponding prior period comparative condensed interim financial information. The impact on beginning of first impacted period i.e. 1 January 2019 amounted to AED 52.7 million which has been corrected by restating the opening balance of the statement of changes in equity. The following tables summarise the impacts on the Company's financial statements and condensed interim financial information:

#### 30 September 2019

	<b>Impact of correction of error</b>		
	<b>As previously reported AED '000</b>	<b>Adjustments AED '000</b>	<b>As restated AED '000</b>
<b>Condensed interim statement of profit or loss for the three-month period ended 30 September 2019</b>			
Gross written premiums	269,794	20,167	289,961
<b>Net premiums earned</b>	<b>138,364</b>	<b>20,167</b>	<b>158,531</b>
Commission expenses	(33,343)	(3,022)	(36,365)
<b>Gross underwriting income</b>	<b>119,510</b>	<b>17,145</b>	<b>136,655</b>
Gross claims paid	(103,286)	(8,391)	(111,677)
<b>Net claims paid</b>	<b>(66,782)</b>	<b>(8,391)</b>	<b>(75,173)</b>
Change in incurred but not reported claims reserve - net	(2,260)	(2,918)	(5,178)
<b>Net claims incurred</b>	<b>(83,885)</b>	<b>(11,309)</b>	<b>(95,194)</b>
<b>Net underwriting income</b>	<b>35,625</b>	<b>5,836</b>	<b>41,461</b>
<b>Profit for the period</b>	<b>11,384</b>	<b>5,836</b>	<b>17,220</b>
<b>Basic and diluted earnings per share</b>	<b>0.08</b>	<b>0.03</b>	<b>0.11</b>

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 22 Correction of error (continued)

30 September 2019 (continued)

	<b>Impact of correction of error</b>		
	<b>As previously reported AED '000</b>	<b>Adjustments AED '000</b>	<b>As restated AED '000</b>
<b>Condensed interim statement of profit or loss for the nine-month period ended 30 September 2019</b>			
Gross written premiums	914,514	172	914,686
<b>Net premiums earned</b>	<b>426,712</b>	<b>172</b>	<b>426,884</b>
Commission expenses	(98,038)	1,016	(97,022)
<b>Gross underwriting income</b>	<b>371,089</b>	<b>1,188</b>	<b>372,277</b>
Gross claims paid	(313,113)	(26,017)	(339,130)
<b>Net claims paid</b>	<b>(189,297)</b>	<b>(26,017)</b>	<b>(215,314)</b>
Change in incurred but not reported claims reserve - net	(3,071)	(3,883)	(6,954)
<b>Net claims incurred</b>	<b>(226,591)</b>	<b>(29,900)</b>	<b>(256,491)</b>
<b>Net underwriting income</b>	<b>144,498</b>	<b>(28,712)</b>	<b>115,786</b>
<b>Profit for the period</b>	<b>101,429</b>	<b>(28,712)</b>	<b>72,717</b>
<b>Basic and diluted earnings per share</b>	<b>0.68</b>	<b>(0.20)</b>	<b>0.48</b>
<b>31 December 2019</b>			
<b>Statement of financial position:</b>			
Insurance Receivables	368,597	(67,116)	301,481
Reinsurers' share of claims incurred but not reported reserve	83,357	(3,423)	79,934
<b>Total assets</b>	<b>2,777,577</b>	<b>(70,539)</b>	<b>2,707,038</b>
Gross claims incurred but not reported reserve	146,924	9,120	156,044
<b>Total liabilities</b>	<b>1,589,030</b>	<b>9,120</b>	<b>1,598,150</b>
Retained earnings	171,741	(79,659)	92,082
<b>Total equity</b>	<b>1,188,547</b>	<b>(79,659)</b>	<b>1,108,888</b>

# Emirates Insurance Company P.J.S.C.

## Notes to the condensed interim financial information

### 22 Correction of error *(continued)*

There is no impact on the total operating, investing or financing cash flows for the nine-month period ended 30 September 2019.

### 23 Impact of COVID-19

The economic repercussions from the global outbreak of COVID-19 have significantly and adversely affected businesses worldwide. As at 30 September 2020, the Company has primarily been impacted in its investments segment where the net unrealised losses on financial assets measured at fair value through other comprehensive income and fair value through profit and loss amounted to AED 73.8 million and AED 2.6 million respectively. The losses in investments are consistent with the worldwide trend. There is insufficient information available to assess the direction of this trend for the future.

#### Insurance risk

In its underwriting segment, the Company is primarily exposed to medical and business interruption policies. Although the Company's medical business has policy exclusions for pandemics, the Health Authorities in Dubai have instructed all insurers to accept medical claims related to COVID-19. The Company expects that the impact of medical claims would be immaterial due to low rate of hospitalisation and deferral of elective medical procedures required.

With regards to Business Interruption (BI) policies, the Company has in place pandemic and infectious disease policy exclusions as well. The Company has evaluated all business interruption policies in force for which the Company may have to incur claim payouts. As a result of initial examination of the policies, the Company has determined that these will not have a material impact in relation to the net claims paid due to lower retention levels of the Company. Furthermore, the Company has been able to retain major customers during the nine-month period ended 30 September 2020.

#### Liquidity risk

The Company continues to monitor and respond to all liquidity requirements that are presented. The Company continues to calibrate stress testing scenarios to current market conditions in order to assess the impact on the Company in the current extreme stress. As at the reporting date the liquidity position of the Company remains strong and is well placed to absorb and manage the impacts of this disruption.

#### Business continuity plan

The Company has remained fully operational throughout the period and has put in place effective business continuity and remote working plans enabled by the right technologies and systems to ensure uninterrupted services to customers and the operations. The outbreak has not caused any significant delays in policies issuance and claims settlements. The Company will continue to monitor the reverberations of COVID-19, if any, on its customers and operations and will take further action as needed.

The steps taken by the Company to estimate the impact of COVID-19 and the judgments applied by management in assessing the values of assets and liabilities as at 30 September 2020 includes both quantitative and qualitative criteria such as risk profiling and actuarial analysis. Such analysis has enabled the Company to timely and accurately identify its exposure although these are subject to significant judgment due to the rapidly changing dynamics of COVID-19.

### 24 General

This condensed interim financial information of the Company was approved for issuance by the Board of Directors on 11 NOV 2020.