

Insurance House P.S.C.

Condensed Interim Financial Statements
(Unaudited)

For the nine months period ended 30 September 2020

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

For the nine months period ended 30 September 2020

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Chairman's Report for the nine months ended 30 September 2020

On behalf of the Board of Directors, I am pleased to present the condensed interim financial statements of Insurance House PSC (IH) as at 30 September 2020 and the results of its operations for the nine months ended 30 September 2020.

IH has registered a Net Profit of AED 8.12 million for the nine months ended 30 September 2020, compared to AED 10.73 million registered in the corresponding period of the previous year. Under the challenging economic environment we have been operating in, since March 2020, this is indeed a resilient performance.

Due to subdued market conditions, Gross Premiums Written during the first nine months of 2020 were lower at AED 177.52 million compared to AED 195.84 million logged during the same period of the previous year. However, Net Premiums Earned during the first nine months of 2020 held steady at AED 114.46 million compared to AED 114.79 million in the corresponding period of the previous year. But due to significantly higher commissions paid to source business in 2020, Gross Underwriting Income was lower at AED 102.73 million in the first nine months of 2020 compared to AED 114.28 million in the corresponding period of the previous year. Net Claims Incurred during the first nine months of 2020 were significantly lower at AED 62.65 million compared to AED 69.38 million in the corresponding period of the previous year. As a combined result of the above, Net Underwriting Income for the first nine months of 2020 stood at AED 35.88 million compared to AED 37.90 million registered during the corresponding period of last year.

As a result of choppy market conditions across all asset classes, Net Investment Income earned during the first nine months of 2020 was lower at AED 4.46 million compared to AED 5.99 million in the same period of the previous year.

General & administrative expenses were lower at AED 32.23 million compared to AED 33.16 million for the same period in the previous year. More initiatives are underway to streamline expenses even further, going forward.

As of 30 September 2020, Total Shareholders' Equity stood at AED 128.69 million, which is comfortably above the minimum capital requirement of AED 100 million mandated by the UAE Insurance Authority. This is after distributing a 4% cash dividend amounting to AED 4.75 million during the first half of 2020.

The liquidity position of the Company continues to be extremely robust, with Cash & cash equivalents and fixed deposits with rated financial institutions accounting for 19.83% of Total Assets as of 30 September 2020.

Despite the economic headwinds ahead, we remain optimistic of a profitable performance for the remainder of 2020. Our strategy is to compete on the basis of innovative product offerings and superior service quality. We are focused on improving our digital service delivery capabilities across all business lines. Going forward, profits from core insurance activities will be driven by improved digital service delivery capabilities, continuous fine-tuning of risk underwriting techniques and enhanced claims management processes.

On behalf of the Board of Directors,


Mohammed Abdulla Jumaa Alqubaisi
Chairman

Abu Dhabi
09 November 2020

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**Review report on the condensed interim financial statements
To the Shareholders of Insurance House. P.S.C.**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Insurance House P.S.C. (the "Company") as at 30 September 2020 and the related condensed interim income statement, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows for the nine months period then ended and other related explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".



GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 9 November 2020



Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Condensed Interim Statement of Financial Position
As at 30 September 2020

	Notes	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
ASSETS			
Property and equipment		42,874,877	40,008,043
Statutory deposit	6	6,000,000	6,000,000
Investments carried at fair value through other comprehensive income (FVTOCI)	5	47,475,150	59,996,256
Investments carried at fair value through profit and loss (FVTPL)	5	13,700,296	13,607,267
Premium and insurance balances receivable	7	90,954,269	67,552,199
Other receivables and prepayments		23,660,704	26,116,336
Reinsurance contract assets	11	52,386,538	46,109,459
Fixed deposits		30,000,000	-
Cash and cash equivalents	8	38,510,043	74,964,225
TOTAL ASSETS		345,561,877	334,353,785
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	118,780,500	118,780,500
Tier 1 capital	9	15,000,000	15,000,000
Accumulated losses		(5,408,561)	(8,920,743)
Board of Directors' proposed remuneration		-	1,454,955
Cumulative change in fair value through other comprehensive income		(4,885,401)	865,535
Legal reserve	9	5,203,087	5,203,087
TOTAL SHAREHOLDERS' EQUITY		128,689,625	132,383,334
LIABILITIES			
Provision for employees' end-of-service benefits		3,130,527	2,777,662
Insurance liability			
Insurance and other payables	10	56,760,752	45,451,722
Technical provisions			
Unearned premiums reserve	11	93,038,833	94,889,993
Claims under settlement reserve	11	40,576,891	33,791,506
Incurred but not reported claims reserve	11	21,619,689	23,477,514
Unallocated loss adjustment expenses reserve	11	1,745,560	1,582,054
Total technical provisions		156,980,973	153,741,067
TOTAL LIABILITIES		216,872,252	201,970,451
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		345,561,877	334,353,785

These condensed interim financial statements were approved by the Board of Directors on 9 November 2020 and signed on their behalf by:


Mr. Mohammed Othman
Chief Executive Officer


Mr. Mohammed Alqubaisi
Chairman

The notes from 1 to 17 form an integral part of these condensed interim financial statements

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Condensed Interim Income Statement
For the nine months period ended 30 September 2020

	Notes	(Unaudited) Three months period ended 30 September 2020 AED	(Unaudited) Three months period ended 30 September 2019 AED	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Gross premiums	16	27,688,394	51,173,130	177,517,159	195,837,813
Reinsurance share of premiums		(10,195,662)	(13,677,954)	(67,174,456)	(65,405,646)
Reinsurance share of ceded business premiums		(1,066,791)	(904,675)	(6,170,735)	(5,474,772)
Net premiums		16,425,941	36,590,501	104,171,968	124,957,395
Net transfer to unearned premium reserve		14,920,605	(682,506)	10,290,063	(10,166,732)
Net premiums earned		31,346,546	35,907,995	114,462,031	114,790,663
Commission earned		(798,029)	4,030,311	7,762,456	9,399,084
Commission paid		(5,991,750)	(798,345)	(19,490,261)	(9,913,081)
Gross underwriting income		24,556,767	39,139,961	102,734,226	114,276,666
Gross claims paid		(41,042,862)	(35,146,622)	(122,025,069)	(104,530,331)
Reinsurance share of insurance claims and loss adjustment		30,141,524	10,469,055	66,632,018	34,067,454
Net claims paid		(10,901,338)	(24,677,567)	(55,393,051)	(70,462,877)
Decrease/(Increase) in claims under settlement reserve		6,580,168	(1,375,820)	(6,785,385)	(1,179,842)
(Decrease)/Increase in reinsurance share of claims under settlement reserve		(6,067,504)	994,075	2,697,867	1,207,236
(Increase)/Decrease in incurred but not reported claims reserve - net		(1,282,294)	610,703	(3,001,866)	2,611,298
Increase in unexpired risk reserve - net		-	(1,541,193)	-	(1,541,193)
Decrease/(Increase) in unallocated loss adjustment expenses reserve - net		33,496	(35,486)	(163,506)	(14,556)
Net claims incurred		(11,637,472)	(26,025,288)	(62,645,941)	(69,379,934)
Other underwriting income		221,701	422,877	3,635,959	881,197
Other underwriting and claim handling expenses		(3,395,269)	(1,733,661)	(7,847,796)	(7,874,711)
Net underwriting income		9,745,727	11,803,889	35,876,448	37,903,218
Income from investments - net	12	2,519,595	1,497,210	4,463,185	5,929,732
Income from investment properties - net		-	-	-	59,743
Other income		-	-	18,315	-
Gross income		12,265,322	13,301,099	40,357,948	43,892,693
General and administrative expenses	13	(10,664,063)	(10,616,905)	(32,234,349)	(33,163,869)
Net profit for the period		1,601,259	2,684,194	8,123,599	10,728,824
Earnings per share:					
Basic and diluted earnings per share	14	0.01	0.02	0.07	0.09

The notes from 1 to 17 form an integral part of these condensed interim financial statements

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)
Condensed Interim Statement of Comprehensive Income
For the nine months period ended 30 September 2020

	Notes	(Unaudited) Three months period ended 30 September 2020 AED	(Unaudited) Three months period ended 30 September 2019 AED	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Net profit for the period		1,601,259	2,684,194	8,123,599	10,728,824
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Loss on sale from investments at fair value through other comprehensive income – equity securities		(38,439)	-	(352,972)	-
Net unrealized gain/(loss) from investments at fair value through other comprehensive income – equity securities	5	2,402,670	1,240,837	(3,971,929)	3,233,239
<i>Items that will be reclassified subsequently to profit or loss</i>					
Net unrealized gain/(loss) from investments at fair value through other comprehensive income – debt securities	5	55,081	-	(524,026)	-
Directors' remuneration		-	-	-	(839,000)
Total comprehensive income for the period		4,020,571	3,925,031	3,274,672	13,123,063

The notes from 1 to 17 form an integral part of these condensed interim financial statements.



Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Condensed Interim Statement of Changes in Equity
For the nine months period ended 30 September 2020

	Share capital AED	Tier 1 capital AED	Accumulated losses AED	Board of Directors' proposed remuneration AED	Investment revaluation reserve AED	Legal reserve AED	Total shareholders' equity AED
Balance as at 1 January 2020 (Audited)	118,780,500	15,000,000	(8,920,743)	1,454,955	865,535	5,203,087	132,383,334
Net profit for the period	-	-	8,123,599	-	-	-	8,123,599
Other comprehensive loss for the period	-	-	-	-	(4,495,955)	-	(4,495,955)
Tier 1 Capital accrued coupon	-	-	(928,125)	-	-	-	(928,125)
Dividends declared (Note 9)	-	-	(4,751,220)	-	-	-	(4,751,220)
Transfer of realized loss on disposal of investment at FVTOCI – equity securities	-	-	(352,972)	-	-	-	(352,972)
Transfer of unrealised gain on disposal of investment at FVTOCI – equity securities	-	-	1,415,945	-	(1,415,945)	-	-
Transfer of unrealised loss on disposal of investment at FVTOCI – debt securities	-	-	-	-	160,964	-	160,964
Payment of Board of Directors' remuneration	-	-	4,955	(1,454,955)	-	-	(1,450,000)
Balance as at 30 September 2020 (Unaudited)	118,780,500	15,000,000	(5,408,561)	-	(4,885,401)	5,203,087	128,689,625
Balance as at 1 January 2019 (Audited)	118,780,500	-	(19,026,036)	-	(4,242,730)	3,586,470	99,098,204
Tier 1 Capital	-	15,000,000	-	-	-	-	15,000,000
Dividends declared	-	-	(1,187,805)	-	-	-	(1,187,805)
Net profit for the period	-	-	10,728,824	-	-	-	10,728,824
Other comprehensive income for the period	-	-	(839,000)	-	3,233,239	-	2,394,239
Tier 1 Capital accrued coupon	-	-	(653,129)	-	-	-	(653,129)
Transfer of realised gain on disposal of investment at FVTOCI	-	-	-	-	236,506	-	236,506
Balance as at 30 September 2019 (Unaudited)	118,780,500	15,000,000	(10,977,146)	-	(772,985)	3,586,470	125,616,839

The notes from 1 to 17 form an integral part of these condensed interim financial statements.

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Condensed Interim Statement of Cash Flows
For the nine months period ended 30 September 2020

	Notes	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
OPERATING ACTIVITIES			
Net profit for the period		8,123,599	10,728,824
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment	13	1,398,176	1,348,905
Changes in fair value of investment carried at FVTPL	12,5	859,432	(362,306)
Gain on sale of investments at FVTPL	12	(780,994)	(349,626)
Realised loss on sale of investments carried at FVOCI- debt securities	12	115,615	236,506
Interest and dividend income	12	(4,657,238)	(5,169,735)
Provision for employees' end-of-service benefits		415,585	191,509
(Reversal) / recognition of expected credit loss		(539,552)	1,084,985
Operating profit before changes in working capital		4,934,623	7,709,062
Changes in working capital			
Premium and insurance balances receivables		(22,862,518)	(22,077,917)
Reinsurance contract assets		(6,277,079)	(16,574,892)
Technical provisions		3,239,906	25,658,681
Other receivables and prepayments		1,151,629	(10,080,096)
Insurance and other payables		6,557,810	10,341,074
Net cash flow used in operations		(13,255,629)	(5,024,088)
Employees' end-of-service benefits paid		(62,720)	(80,766)
Directors' remuneration paid		(1,450,000)	(839,000)
Net cash flow used in operating activities		(14,768,349)	(5,943,854)
INVESTING ACTIVITIES			
Payments for purchase of property and equipment		(2,961,007)	(357,214)
Purchase of investments carried at FVOCI	5	-	(10,821,386)
Proceeds from sale of investments carried at FVOCI		7,717,529	17,817,189
Purchase of investments carried at FVTPL	5	(5,997,765)	(2,094,970)
Proceeds from sale of investments carried at FVTPL		5,826,297	8,444,655
Payments for fixed deposits		(30,000,000)	-
Interest and dividend received		4,657,238	5,169,735
Net cash (used in)/generated from investing activities		(20,757,708)	18,158,009
FINANCING ACTIVITIES			
Tier 1 Capital		(928,125)	14,346,871
Dividends paid		-	(1,187,805)
Net cash (used in)/generated from financing activities		(928,125)	13,159,066
Net change in cash and cash equivalents		(36,454,182)	25,373,221
Cash and cash equivalents, beginning of the period		74,964,225	58,986,672
Cash and cash equivalents, end of the period	8	38,510,043	84,359,893

The notes from 1 to 17 form an integral part of these condensed interim financial statements.



Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements
For the nine months period ended 30 September 2020

1 Legal status and activities

Insurance House P.S.C. (the "Company") is a Public Joint - Stock company registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is engaged in providing all classes of non-life insurance solutions in accordance with UAE Federal Law No.6 of 2007. The Company was established on 8 December 2010 and commenced its operations on 10 April 2011. The Company performs its activities through its head office in Abu Dhabi and branches located in Al Samha, Dubai - Sheikh Zayed Road, Dubai - Business Bay, Sharjah, Al Mussafah, Mahawi, Muroor and Motor World.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The registered office of the Company is P.O. Box 129921 Abu Dhabi, United Arab Emirates.

The range of products and services offered by the company include but not limited to accidents and civil responsibility insurance, land, marine and air transportation, dangers insurance, health insurance, onshore and offshore oil and gas fields and facilities services.

2 General Information

2.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standard Board ("IASB") and also comply with the applicable requirements of the laws in the UAE.

2.2 Basis of preparation

The condensed interim financial statements are for the nine months period ended 30 September 2020 and are presented in United Arab Emirates Dirham (AED), which is the functional and presentation currency of the Company.

The condensed interim financial statements have been prepared on the historical cost basis, except for investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss which are measured at fair value.

The condensed interim financial statements have been prepared in accordance with IAS 34. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the financial statements for the year ended 31 December 2019. In addition, the results for the nine months period ended 30 September 2020 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2020.

These condensed interim financial statements have been prepared on a consistent basis with the accounting policies and estimates adopted in the Company's most recent annual financial statements for the year ended 31 December 2019 except for the adoption of new standards and interpretations effective 1 January 2020.

3 Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2019 except for the adoption of new standards and interpretations effective 1 January 2020.

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2020

In the current period, the Company has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2020. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company's future transactions or arrangements.

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendment to IFRS 3 regarding the definition of business.
- Amendment to IFRS 7, IFRS 9 and IAS 39 regarding the interest rate benchmark reforms.
- Amendments to IAS 1 and IAS 8 regarding the definition of materiality.
- Amendments to IFRS 16 regarding Covid-19 related rent concession.

These amendments do not have a significant impact on these condensed interim financial statements and therefore the disclosures have not been made.

Standards and interpretations in issue but not yet effective

New standards and revised IFRSs not yet effective and has not been adopted early by the Company	Effective date
Amendments to IAS 1 to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	1 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	1 January 2022
Amendments to IAS 37 amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	1 January 2022
Amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements	1 January 2022
Annual improvements to IFRS Standards 2018–2020	1 January 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures (2011)' relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

4 Critical accounting estimates and judgements in applying accounting policies

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended 31 December 2019.

However, the Company has reviewed the key sources of estimation uncertainties disclosed in the recent annual audited financial statements against the backdrop of Covid-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the recent annual audited financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

Impact of COVID-19

In response to the spread of the Covid-19 where the Company operates and its resulting disruptions to the social and economic activities in those markets, the Company management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creating of a business contingency plan, to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its services throughout the market. The business operations of the Company currently remain largely unaffected. Based on these factors, the Company management believes that the Covid-19 pandemic has had no material effects on the reported condensed interim financial statements as at and for the nine months period ended 30 September 2020.



Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

5 Investments in financial assets

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Investments carried at FVTOCI		
Quoted equity securities	30,373,433	38,005,863
Quoted Tier 1 perpetual securities	10,151,717	15,040,393
Unquoted Tier 1 perpetual securities	6,950,000	6,950,000
	<u>47,475,150</u>	<u>59,996,256</u>
Investments carried at FVTPL		
Quoted equity securities	8,700,296	11,607,267
Unquoted debt securities	5,000,000	2,000,000
	<u>13,700,296</u>	<u>13,607,267</u>

The movement in the investments in financial assets is as follows:

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Investments carried at FVTOCI		
Fair value at 1 January	59,996,256	61,532,290
Purchases	-	12,034,256
Disposals	(8,025,151)	(17,817,189)
Change in fair value	(4,495,955)	4,246,899
Fair value at the end of the reporting period / year	<u>47,475,150</u>	<u>59,996,256</u>
Investments carried at FVTPL		
Fair value at 1 January	13,607,267	19,205,049
Purchases	5,997,765	2,094,970
Disposals	(5,045,304)	(8,095,029)
Change in fair value taken to profit and loss (note 12)	(859,432)	402,277
Fair value at the end of the reporting period / year	<u>13,700,296</u>	<u>13,607,267</u>

The geographical distribution of investments is as follows:

	(Un-audited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Quoted UAE equity securities	38,400,163	47,846,197
Quoted outside UAE debt securities	10,151,717	15,040,393
Unquoted UAE debt securities	11,950,000	8,950,000
Quoted outside UAE equity securities	673,566	1,766,933
	<u>61,175,446</u>	<u>73,603,523</u>

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Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

5 Investments in financial assets (continued)

Management considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the condensed interim financial statements and are classified as level 3 in accordance with the IFRS 13 hierarchy.

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 derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Management has determined the fair value of these unquoted investments by applying an appropriate risk adjusted liquidity discount on the net assets of the investee companies.

	Note	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 September 2020 (Un-audited)					
Investments at FVTOCI					
Investment in quoted securities	(a)	30,373,433	-	-	30,373,433
Quoted Tier 1 perpetual securities		10,151,717	-	-	10,151,717
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		<u>40,525,150</u>	<u>-</u>	<u>6,950,000</u>	<u>47,475,150</u>
Investments at FVTPL					
Investment in quoted equity securities	(a)	8,700,296	-	-	8,700,296
Unquoted Tier 1 perpetual securities		-	-	5,000,000	5,000,000
		<u>8,700,296</u>	<u>-</u>	<u>5,000,000</u>	<u>13,700,296</u>
31 December 2019 (Audited)					
Investments at FVTOCI					
Investment in quoted securities	(a)	38,005,863	-	-	38,005,863
Quoted Tier 1 perpetual securities		15,040,393	-	-	15,040,393
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		<u>53,046,256</u>	<u>-</u>	<u>6,950,000</u>	<u>59,996,256</u>
Investments at FVTPL					
Investment in quoted equity securities	(a)	11,607,267	-	-	11,607,267
Unquoted Tier 1 perpetual securities		-	-	2,000,000	2,000,000
		<u>11,607,267</u>	<u>-</u>	<u>2,000,000</u>	<u>13,607,267</u>

(a) Fair values have been determined by reference to the quoted prices at the reporting date.

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

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

6 Statutory deposit

In accordance with the requirement of Federal Law No. 6 of 2007, concerning Insurance Companies and Agents, the Company maintains a bank deposit amounting to AED 6,000,000 as of 30 September 2020 (31 December 2019: AED 6,000,000) and it cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

7 Premium and insurance balances receivable

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Due from policyholders	58,368,312	46,879,288
Due from brokers and agencies	16,453,216	15,476,239
Due from insurance and reinsurance companies	20,750,813	9,440,839
Due from related parties (Note 15)	1,930,681	2,756,857
	<u>97,503,022</u>	<u>74,553,223</u>
Expected credit loss	(6,583,692)	(7,123,244)
	<u>90,919,330</u>	<u>67,429,979</u>
Refundable deposits and other advances	34,939	122,220
Premium and insurance balances receivables – net	<u>90,954,269</u>	<u>67,552,199</u>

Expected credit loss

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Beginning balance	(7,123,244)	(6,663,119)
Reversal / (charge) for the period / year	539,552	(460,125)
Ending balance	<u>(6,583,692)</u>	<u>(7,123,244)</u>

8 Cash and cash equivalents

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Cash on hand	5,000	5,000
Cash at banks - current accounts (i)	3,392,361	14,135,786
Cash at bank - call account (i)	15,112,682	40,049,976
Fixed deposits - short term (ii)	50,000,000	20,773,463
Cash and bank balances	<u>68,510,043</u>	<u>74,964,225</u>
Fixed deposits – original maturity of more than 3 months	(30,000,000)	-
Cash and cash equivalents	<u>38,510,043</u>	<u>74,964,225</u>

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

8 Cash and cash equivalents (continued)

- i. Cash at banks includes current accounts and call account balances amounting to AED 9,161,965 as at 30 September 2020 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2019: AED 22,145,642).
- ii. Bank fixed deposits as at 30 September 2020 amounting to AED 50,000,000 (31 December 2019: AED 20,773,463) carry interest rate of 1.8% to 2.5% (31 December 2019: 3.5%) with maturity ranging from 3 to 12 months.

9 Capital and reserves

Share capital

The authorized share capital of the company as per Articles of Association is AED 120,000,000 divided into 120,000,000 shares of AED 1 par value per share. Issued and paid-up share capital as at 30 September 2020 and 31 December 2019 is 118,780,500 shares of AED 1 par value per share.

Tier 1 capital

On 14 January 2019, the Company's Board of Directors approved the issuance of Tier 1 perpetual bonds non-convertible into shares amounting to AED 15,000,000 for the purpose of strengthening the Company's capital adequacy and assets and to support its financial position to achieve the Company's growth strategy and to be compatible with the instructions of the Insurance Authority.

Legal 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 non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

Dividend declaration

On 25 March 2020, the Board of Directors declared dividends to shareholders at a rate of 4% of the share capital which was paid on 5 April 2020.

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

10 Insurance and other payables

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Payables-inside UAE	49,373,585	36,388,131
Payables-outside UAE	7,387,167	9,063,591
	<u>56,760,752</u>	<u>45,451,722</u>

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the insurance payables as follows:

Inside UAE:

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Due to insurance and reinsurance companies	22,283,703	16,356,314
Due to brokers and agents	5,015,213	4,840,464
Due to policyholders	5,394,713	4,179,711
Claims payable	5,034,085	776,868
Related party payables (Note 15)	4,540,409	1,000,000
Unearned commission on premium ceded	3,189,490	2,664,562
VAT output tax payable (Net)	180,282	2,942,986
Other accrued expenses	3,735,690	3,627,226
	<u>49,373,585</u>	<u>36,388,131</u>

Outside UAE:

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Funds held for reinsurers	5,654,800	7,281,246
Due to insurance and reinsurance companies	1,732,367	1,782,345
	<u>7,387,167</u>	<u>9,063,591</u>

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

11 Technical provisions

	(Unaudited) 30 September 2020 AED	(Audited) 31 December 2019 AED
Insurance liabilities – gross		
Unearned premiums reserve	93,038,833	94,889,993
Claims under settlement reserves	40,576,891	33,791,506
Incurred but not reported claims reserve	21,619,689	23,477,514
Unallocated loss adjustment expenses reserve	1,745,560	1,582,054
	<u>156,980,973</u>	<u>153,741,067</u>
Reinsurance share of outstanding claims		
Unearned premiums reserve	32,316,966	23,878,063
Claims under settlement reserves	18,430,103	15,732,236
Incurred but not reported claims reserve	1,639,469	6,499,160
	<u>52,386,538</u>	<u>46,109,459</u>
Insurance liabilities – net		
Unearned premiums reserve	60,721,867	71,011,930
Claims under settlement reserves	22,146,788	18,059,270
Incurred but not reported claims reserve	19,980,220	16,978,354
Unallocated loss adjustment expenses reserve	1,745,560	1,582,054
	<u>104,594,435</u>	<u>107,631,608</u>

12 Income from investments

	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Dividend income on investment in financial assets	2,437,329	2,531,059
Interest from fixed income securities	1,108,939	1,754,633
Interest income on fixed deposits and call account (net)	1,110,970	884,043
Net realized gain on sale of investments	665,379	397,691
Change in fair value of investments at FVTPL	(859,432)	362,306
	<u>4,463,185</u>	<u>5,929,732</u>

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

13 General and administrative expenses

	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Salaries and related benefits	20,091,133	19,586,991
Management fees	4,540,409	2,500,000
Government fees	1,360,404	1,625,223
Depreciation of property and equipment	1,398,176	1,348,905
Telephone and postage	535,862	449,259
Bank charges	397,672	735,220
Other general expenses	3,910,693	6,918,271
	<u>32,234,349</u>	<u>33,163,869</u>

14 Earnings per share – Basic and diluted

Earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	(Unaudited) Nine months period ended 30 September 2020	(Unaudited) Nine months period ended 30 September 2019
Earnings (AED):		
Net profit for the period	<u>8,123,599</u>	<u>10,728,824</u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of earnings per share	<u>118,780,500</u>	<u>118,780,500</u>
Earnings per share (AED):		
Basic and diluted	<u>0.07</u>	<u>0.09</u>

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

15 Related parties

Related parties comprise the major Shareholders, the Board of Directors and key management personnel of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The transactions with these related parties are primarily financing in nature as follows:

	(Unaudited) 30 Sep 2020 AED	(Audited) 31 December 2019 AED
Premium and insurance balances receivables		
<i>Shareholder</i>		
Finance House PJSC	1,349,039	2,396,175
<i>Others</i>		
Islamic Finance House PVT JSC	324,919	230,372
Mohamed Abdulla Jumaa Al Qubaisi	111,295	1,601
Finance House PJSC on behalf of Finance House Securities LLC	142,149	128,709
Abdul Hamid Umer Taylor	3,279	-
	<u>1,930,681</u>	<u>2,756,857</u>
Insurance and other payables		
<i>Shareholder</i>		
Finance House PJSC	3,700,000	-
<i>Others</i>		
FH Capital PJS	840,409	1,000,000
	<u>4,540,409</u>	<u>1,000,000</u>
Investments		
<i>Shareholder</i>		
Finance House PJSC – Sukuks	6,950,000	6,950,000
Finance House PJSC – Quoted investments in equity	3,479,054	3,172,122
<i>Others</i>		
Finance House Securities LLC – Commercial papers	5,000,000	2,000,000
	<u>15,429,054</u>	<u>12,122,122</u>
Fixed deposits		
Islamic Finance House	<u>30,000,000</u>	<u>-</u>
Cash and cash equivalents		
<i>Shareholder</i>		
Cash on hand	5,000	5,000
Cash at banks - current accounts	94,688	15,065,652
Cash at bank - call account	8,629,173	6,663,241
Fixed deposits	20,000,000	-
<i>Others</i>		
Cash at banks - current accounts	438,104	416,749
	<u>29,166,965</u>	<u>22,150,642</u>
Tier 1 capital		
Abdul Hamid Umer Taylor	2,000,000	2,000,000
Abdulmajeed Al Fahim	500,000	500,000
	<u>2,500,000</u>	<u>2,500,000</u>

Insurance House P.S.C.
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Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

15 Related parties (continued)

Finance House P.J.S.C is one of the major shareholders of the company as at 30 September 2020. FH Capital PJS, Investment P.S.C, Finance House Securities L.L.C and Islamic Finance House PVT. J.S.C are subsidiaries of Finance House P.J.S.C.

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

The following are the details of significant transactions with related parties:

	(Unaudited) Nine months period ended 30 September 2020 AED	(Unaudited) Nine months period ended 30 September 2019 AED
Finance House PJSC		
Gross premiums written	2,499,851	3,430,163
Interest on Sukuk	390,615	344,417
Management fee	3,700,000	2,100,000
Other outsource fees	-	1,400,000
Purchase of sukuk	-	1,100,000
Fixed deposits placed	-	15,000,000
Finance House Securities		
Purchase of shares	2,997,765	8,737,254
Disposal of shares	9,133,826	8,444,655
Gross premium written	300,433	-
Interest on investment in commercial paper	86,694	75,625
Islamic Finance House		
Gross premium written	171,170	-
Interest on Wakala fixed deposit	249,278	-
FH Capital PJS		
Service fees	840,409	400,000
Board of directors		
Remuneration	1,450,000	839,000



Insurance House P.S.C.
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Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

16 Segment information

The Company has two reportable segments, as described below, which are the Company's strategic business units. The business units are managed separately because they require different approach technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

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

Primary segment information - business segment

	Nine months period ended 30 September 2020 (Unaudited)			Nine months period ended 30 September 2019 (Unaudited)		
	AED			AED		
	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>
Segment revenue	177,517,159	4,463,185	181,980,344	195,837,813	5,989,475	201,827,288
Segment result	35,876,448	4,463,185	40,339,633	37,903,218	5,989,475	43,892,693
Unallocated income/ expense, net			<u>(32,216,034)</u>			<u>(33,163,869)</u>
Net profit for the period			<u>8,123,599</u>			<u>10,728,824</u>

- a) The following is an analysis of the Company's assets, liabilities and equity by business segment:

	30 September 2020 AED (Unaudited)			31 December 2019 AED (Audited)		
	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>	<u>Underwriting</u>	<u>Investments</u>	<u>Total</u>
Segment assets	205,385,213	121,666,621	327,051,834	175,439,378	104,723,645	280,163,023
Unallocated assets			<u>18,510,043</u>			<u>54,190,762</u>
Total assets			<u>345,561,877</u>			<u>334,353,785</u>
Segment liabilities and equity	347,316,751	(4,885,401)	342,431,350	330,710,588	865,535	331,576,123
Unallocated liabilities and equity			<u>3,130,527</u>			<u>2,777,662</u>
Total liabilities and equity			<u>345,561,877</u>			<u>334,353,785</u>



Insurance House P.S.C.
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)
For the nine months period ended 30 September 2020

16 Segment information (continued)

b) Secondary segment information – revenue from underwriting departments

The following is an analysis of the Company's revenues (gross written premiums and commission income) classified by major underwriting department.

	(Unaudited) Nine months period ended 30 Sep 2020 AED	(Unaudited) Nine months period ended 30 Sep 2019 AED
Motor	65,130,443	81,999,757
Medical	83,718,538	82,399,616
Commercial	28,668,178	31,438,440
	<u>177,517,159</u>	<u>195,837,813</u>

There were no transactions between the business segments during the period.

17 Commitments and contingencies

The Company's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 6.8 million as at 30 September 2020 (31 December 2019: AED 6.8 million).

